

*SCHOOL DISTRICT*  
*OF*  
*NEPTUNE CITY*

Neptune City Board of Education  
Neptune, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2013

# NEPTUNE CITY SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**



# *Neptune City Board of Education*

*210 West Sylwania Avenue  
Neptune City, N.J. 07753-6299  
732-775-5319  
FAX 732-775-4335*

*Brian Cullinan  
President  
William Folke  
Ed. Sec./Bus. Admin  
Durr  
Anthony Gusino  
John Albano*

*Debra Mercora, Ed. D.  
Chief School Administrator*

*Edmond Zukerowski  
Vice-President  
Christine Oppgaard  
Robert*

*Angela Rust  
Lisa Frestick  
Joanne Jodry*

November 30, 2013

Honorable President and  
Members of the Board of Education  
Neptune City School District  
Monmouth County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Neptune City School District (District) for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs are included in the single audit section of this report.

## **1) REPORTING ENTITY AND ITS SERVICES:**

Neptune City School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The Neptune City Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District has a sending-receiving relationship with Neptune Township School District for grades 9-12 that includes regular, vocational and special education for handicapped youngsters. Other opportunities available to high school students are Red Bank Regional High School for Performing Arts, Marine Academy of Science and Technology (MAST), High Technology High School, Academy of Allied Health and Science, Communications High School and Bio-technology High School.

The District completed the 2012-2013 fiscal year with an average daily enrollment of 406 students, which is six students more than the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last five years.

### **Average Daily Enrollment (K-8)**

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2013	406	2.8%
2012	395	1.5%
2011	389	2.2%
2010	398	1.8%
2009	391	0.5%

## **2) ECONOMIC CONDITION AND OUTLOOK:**

The Borough of Neptune City is located in the southeastern quadrant of Monmouth County and is comprised of 576 acres or approximately .9 square miles. The community is considered fully developed and is predominantly residential.

## **3) MAJOR INITIATIVES:**

Free and appropriate public education for all children is a cornerstone of a democratic society that values the worth and dignity of each individual. The primary goal of the Neptune City School District is to offer educational opportunities to each young person that will enable him/her to function politically, economically and socially in a fast changing complex world. To achieve this goal, the District provides a planned program of learning that incorporates lessons and experiences, both in and out of the classroom, into the curriculum. The District appreciates the need for continuous improvement of the instructional program and will strive relentlessly to provide an educational system that assists every pupil to reach his/her potential.

Through the utilization of modern technology and scientific advancements in today's world, the students have been afforded many opportunities. The integration of technology into the curriculum is being emphasized and achieved. In addition, the District has recognized the advantage of offering a



structured education to children at an early age and has therefore established a pre-school program for four year olds.

The District has begun a program to educate its students with special needs in the least restrictive environment, their resident district. In keeping with that philosophy, the District has established an integrated Pre-school class.

#### **4) INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

#### **5) BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

#### **6) ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

## **7) DEBT ADMINISTRATION:**

At June 30, 2013, the District had outstanding debt of \$7,595,000.00.

## **8) CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **9) RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

## **10) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Alvino and Shechter, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996, and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **11) ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Neptune City School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



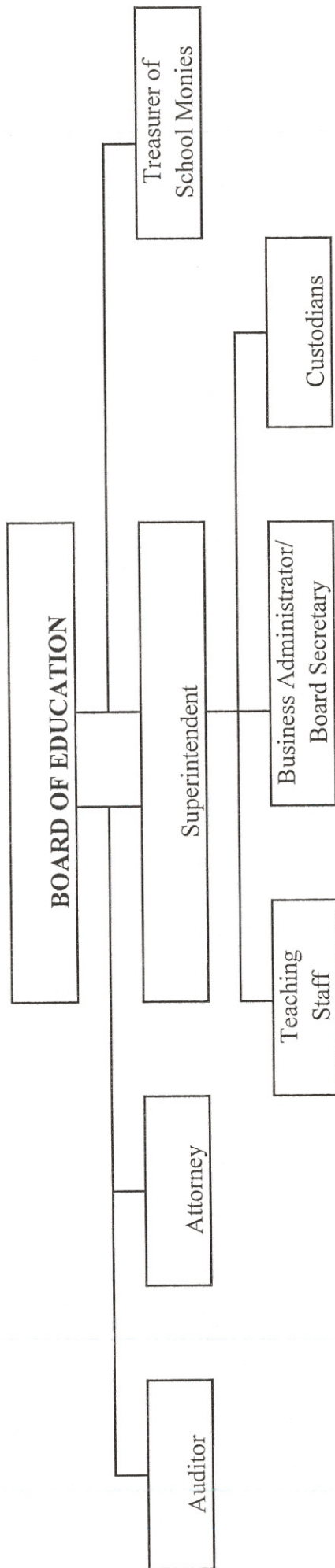
Debra Mercora, Ed. D.  
Chief School Administrator



William Folk  
Board Secretary/Business Administrator



NEPTUNE CITY BOARD OF EDUCATION  
ORGANIZATIONAL CHART



# NEPTUNE CITY BOARD OF EDUCATION

## ROSTER OF OFFICIALS JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Brian Sullivan - President	2013
Edmond A. Zakerowski - Vice President	2014
Lisa Frostick	2013
John Albano	2013
Anthony Susino	2014
Robert R. Burr, Jr.	2014
Christine Oppegaard	2015
Angela Rust	2015
Joanne Jodry	2013
<u>Other Officials</u>	
Debra Mercora, Ed. D. - Chief School Administrator	
William Folk - Board Secretary/School Business Administrator	
Sanford D. Brown, Esq. - Solicitor	

# **NEPTUNE CITY BOARD OF EDUCATION**

## **CONSULTANTS AND ADVISORS**

### **AUDIT FIRM**

Allen B. Shechter, CPA, RMA, PSA  
Alvino & Shechter, L.L.C.  
110 Fortunato Place  
Neptune, NJ 07753

### **ATTORNEY**

Sanford D. Brown  
Brown & Connelly, L.L.C.  
1127 Hwy. 35  
Ocean Township, NJ 07712

### **OFFICIAL DEPOSITORIES**

Bank of America  
522 Main Street  
Bradley Beach, NJ 07720

Kearny Federal Savings  
3636 State Hwy. #33  
Long Branch, NJ 07740



## **FINANCIAL SECTION**

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA  
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222  
Fax: (732) 922-4533

## Member

American Institute of Certified Public Accountants  
New Jersey Society of Certified Public Accountants  
PCPS of the AICPA Division of CPA Firms

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Neptune City Board of Education  
County of Monmouth, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Neptune City School District (the "District") in the County of Monmouth, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Neptune City School District, in the County of Monmouth, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 10 through 16 and 44 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, supplementary information such as the combining and individual non-major fund financial statements section, statistical section, schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Allen B. Shechter

Licensed Public School Accountant No. 2183

Certified Public Accountant

November 29, 2013  
Neptune, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**



**NEPTUNE CITY PUBLIC SCHOOL DISTRICT  
NEPTUNE CITY, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**(Unaudited)**

The discussion and analysis of the Neptune City Public School District's financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Government Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for the 2012-2013 fiscal year are as follows:

In total, net position increased \$19,020 primarily due to a reduction in long-term debt.

General revenues were \$8,056,021 which represents 90.1% of revenues for the year. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$882,413 or 9.9% of total revenues of \$8,938,433.

The School District had \$8,919,413 in expenses and only \$882,413 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and State of New Jersey and Federal Aid) of \$8,056,021 were adequate to provide for these programs.

The General Fund had \$7,785,029 in revenues and \$8,054,797 in expenditures. The General Fund's balance decreased \$269,768 from June 2012. This decrease was anticipated by the Board of Education.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Neptune City Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these



statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Neptune City Public School District, General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2012-2013 fiscal year?" The *Statement of Net Position and the Statement of Activities* helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in the net position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position and the Statement of Activities*, the School District is divided into two distinct kinds of activities:

Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major funds begins on page 19. Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special revenue Fund and Capital Projects Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other

financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position and the Statement of Activities*) and the governmental funds is reconciled in the financial statements.

## Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, those statements are essentially the same.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 43 of this report.

## The School District as a Whole

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Net Position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2013 and 2012.

**Table 1**  
**Net Position**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current and Other Assets	\$1,779,013	\$1,954,443
Capital Assets, Net	<u>\$10,134,599</u>	<u>\$10,220,546</u>
Total Assets	\$11,913,612	\$12,174,989
<b>Liabilities</b>		
Current Liabilities	\$342,614	\$243,882
Long-Term Liabilities	<u>\$7,673,975</u>	<u>\$8,053,535</u>
Total Liabilities	\$8,016,589	\$8,297,417
<b>Deferred Inflows of Resources</b>	\$431	\$0
<b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt	\$2,539,598	\$2,235,546
Restricted	\$860,533	\$1,379,441
Unrestricted	<u>\$496,461</u>	<u>\$262,585</u>
<b>Total Net Position</b>	\$3,896,592	\$3,877,572



Table 2 shows the changes in net position for the fiscal years 2013 and 2012.

**Table 2**  
**Changes in Net Position**

	<u><b>2013</b></u>	<u><b>2012</b></u>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$54,413	\$68,627
Operating Grants and Contributions	\$829,999	\$742,610
Capital Grants and Contributions	\$0	\$0
General Revenues		
Property Taxes	\$5,732,046	\$5,567,994
Grants and Entitlements	\$2,282,208	\$2,186,821
Other	<u>\$41,767</u>	<u>\$14,102</u>
Total Revenues	<u>\$8,938,433</u>	<u>\$8,580,154</u>
 <b>Program Expenses</b>		
Instruction	\$3,242,989	\$3,098,062
Support Services		
Pupils and Instructional Staff	\$3,934,839	\$3,652,756
General Administration, School Administration, Business Operations and Maintenance of Facilities	\$932,527	\$935,028
Pupil Transportation	\$222,790	\$197,186
Food Service	\$143,865	\$135,108
Other	<u>\$442,403</u>	<u>\$353,773</u>
Total Expenses	<u>\$8,919,413</u>	<u>\$8,371,913</u>
 Increase (Decrease) in Net Position Before Other Items	\$19,020	\$208,241
 Other Decrease	<u>\$0</u>	<u>\$0</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$19,020</u>	<u>\$208,241</u>

## Governmental Activities

The unique nature of property taxes in New Jersey may create the need to annually seek voter approval for the School District operations. Effective with the 2012-2013 budget, voter approval is only necessary when seeking to exceed the state imposed property tax levy CAP. Property taxes made up 65.2 percent of revenues for governmental activities for the Neptune City Public School District for the fiscal year 2013. Federal and state grants accounted for another 34.3 percent of revenues.

Program expenses include instruction that comprises 36.4 percent of the total expenses. Support services comprise 57.1 percent of total expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services for the year ended June 30, 2013. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions

Table 3

	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>
Instruction	3,242,989	2,737,919	3,098,062
Support Services			
Pupils and Instructional Staff	3,934,839	3,737,428	3,652,756
General Administration, School Administration, Business Operations and Maintenance of Facilities	932,527	901,651	935,028
Pupil Transportation	222,790	222,790	197,186
Food Service	143,865	(5,190)	135,108
Other	<u>442,403</u>	<u>442,403</u>	<u>353,773</u>
<b>Total Expenses</b>	<u>8,919,413</u>	<u>8,037,001</u>	<u>8,371,913</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and central services include expenses associated with administrative and financial supervision of the district.

Maintenance of facilities activities involves keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Neptune City Public School District.

### **The School District's Funds**

Information about the School District's governmental funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,789,136 and expenditures of \$9,060,633.

At the end of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$1,495,991. Of this fund balance, \$210,666 is unassigned which is available for spending at the Board's discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$2,792), 2) for capital reserve (\$11,226), 3) for excess surplus (\$360,075), 4) for excess surplus designated for subsequent year's expenditures (\$489,232), 5) assigned to be designated for subsequent year's expenditures and anticipated as revenue for the year ending June 30, 2014 (\$422,000). Unassigned general fund balance represents 2.5% of total general fund expenditures.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to the law of the State of New Jersey, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrance. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2013 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts.

### **Capital Assets**

At the end of the 2013 fiscal year, the School District had \$10,117,664 invested in buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2013 balances.

**Table 4**  
**Capital Assets (Net of Depreciation) at June 30**

	<u>2013</u>	<u>2012</u>
Land	30,000	30,000
Construction in Progress	0	10,185,146
Buildings and Improvements	10,087,296	1,265
Machinery and Equipment	368	2,135
Trucks	<u>0</u>	<u>0</u>
Totals	<u>10,117,664</u>	<u>10,220,546</u>



## **Debt Administration**

At June 30, 2013, the School District had \$7,673,975 as outstanding debt. This amount consisted of compensated absences (\$78,975) and bonds payable (\$7,595,000).

As of June 30, 2013, the School District's legal debt margin was \$8,050,596. For more detailed information, please refer to the *Notes to the Financial Statements*.

## **For the Future**

The Neptune City Public School District is in good financial condition presently. The Borough of Neptune City is primarily a residential community, thus the burden is on the homeowner to fund the taxes needed to operate the school. Other funding sources have increased minimally and future finances will be with challenges. The decrease in Fund Balance available to be utilized in future budgets will cause difficulty to comply with the CAP on tax levies as mandated by the State of New Jersey.

The Borough of Neptune City has designated an area in the Eastern section of the Borough as in need of redevelopment. This may affect the School District, however, such effect cannot be accurately projected at this time.

In conclusion, the Neptune City Public School District has committed itself to financial excellence for many years. The School District plans to continue its system of sound financial planning, budgeting and internal controls to meet the challenges of the future.

## **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact William Folk, School Business Administrator/Board Secretary at Neptune City Board of Education, 210 West Sylvania Avenue, Neptune City, NJ 07753.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.



**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	1,147,433.81	76,386.69	1,223,820.50
Investments	281,513.29	.00	281,513.29
Receivables, Net	233,308.14	27,788.82	261,096.96
Inventory	.00	1,356.90	1,356.90
Restricted Assets:			
Capital Reserve Account - Cash	11,225.85	.00	11,225.85
Capital Assets, Net (Note 5):	<u>10,117,664.26</u>	<u>16,934.68</u>	<u>10,134,598.94</u>
Total Assets	<u>11,791,145.35</u>	<u>122,467.09</u>	<u>11,913,612.44</u>
<b>LIABILITIES:</b>			
Accounts Payable	146,002.58	21,140.65	167,143.23
Other Payable	31,487.28	.00	31,487.28
Accrued Interest	143,983.42	.00	143,983.42
Unearned Revenue	.00	.00	.00
Noncurrent Liabilities (Note 6):			
Due Within One Year	410,000.00	.00	410,000.00
Due Beyond One Year	<u>7,263,975.00</u>	<u>.00</u>	<u>7,263,975.00</u>
Total Liabilities	<u>7,995,448.28</u>	<u>21,140.65</u>	<u>8,016,588.93</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Commodities Revenue	<u>.00</u>	<u>430.96</u>	<u>430.96</u>
Total Deferred Inflows of Resources	<u>.00</u>	<u>430.96</u>	<u>430.96</u>
Total Liabilities and Deferred Inflows Resources	<u>7,995,448.28</u>	<u>21,571.61</u>	<u>8,017,019.89</u>
<b>NET POSITION:</b>			
Invested in Capital Assets, Net of Related Debt	2,522,664.26	16,934.68	2,539,598.94
Restricted for:			
Capital Projects	.00	.00	.00
Debt Service	.00	.00	.00
Other Purposes	860,532.82	.00	860,532.82
Unrestricted	<u>412,499.99</u>	<u>83,960.80</u>	<u>496,460.79</u>
Total Net Position	<u>\$ 3,795,697.07</u>	<u>100,895.48</u>	<u>3,896,592.55</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

Exhibit A-2

Functions/Programs GOVERNMENTAL ACTIVITIES:	Program Revenues				In Net Position	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities
Instruction:						
Regular Instruction	2,546,270.24	.00	434,496.31	.00	(2,111,773.93)	.00
Special Education Instruction	579,816.59	.00	70,573.69	.00	(509,242.90)	.00
Other Special Instruction	72,210.24	.00	.00	.00	(72,210.24)	.00
Other Instruction	44,691.76	.00	.00	.00	(44,691.76)	.00
Support Services:						
Tuition	3,221,974.65	.00	.00	.00	(3,221,974.65)	.00
Student & Instruction Related Services	712,863.92	.00	197,410.55	.00	(515,453.37)	.00
General Administration	311,472.81	.00	30,875.99	.00	(280,596.82)	.00
School Administrative Services	113,492.00	.00	.00	.00	(113,492.00)	.00
Central Services	136,326.46	.00	.00	.00	(136,326.46)	.00
Administration Information Technology	11,701.00	.00	.00	.00	(11,701.00)	.00
Plant Operations and Maintenance	359,534.64	.00	.00	.00	(359,534.64)	.00
Pupil Transportation	222,789.86	.00	.00	.00	(222,789.86)	.00
Charter Schools	25,629.00	.00	.00	.00	(25,629.00)	.00
Interest on Long-Term Debt	314,653.80	.00	.00	.00	(314,653.80)	.00
Unallocated Amortization	102,120.47	.00	.00	.00	(102,120.47)	.00
Total Governmental Activities	\$8,775,547.44	.00	733,356.54	.00	(8,042,190.90)	.00
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Food Service	143,865.23	52,413.34	96,642.30	.00	.00	5,190.41
Total Business-Type Activities	143,865.23	52,413.34	96,642.30	.00	.00	5,190.41
Total Primary Government	\$8,919,412.67	52,413.34	829,998.84	.00	(8,042,190.90)	(8,037,000.49)
<b>GENERAL REVENUES:</b>						
Taxes:						
Property Taxes Levied for General Purposes, Net					5,197,941.00	5,197,941.00
Taxes Levied for Debt Service					534,105.00	534,105.00
State Aid Not Restricted					2,282,208.00	2,282,208.00
Investment Earnings					4,657.95	4,899.33
Miscellaneous Income					36,867.47	36,867.47
Transfers					.00	.00
Total General Revenues, Special Items, Extraordinary Items and Transfers					8,055,779.42	8,056,020.80
Change in Net Position					13,588.52	19,020.31
Net Position - Beginning (Restated)					3,782,108.55	3,877,572.24
Net Position - Ending					\$3,795,697.07	3,896,592.55

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information fund type.



**NEPTUNE CITY SCHOOL DISTRICT****Balance Sheet****Governmental Funds****June 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Fund</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	1,147,433.81	.00	.00	.00	1,147,433.81
Investments	281,513.29	.00	.00	.00	281,513.29
Due from Other Funds	65,971.00	.00	.00	.00	65,971.00
Receivables from Other Governments	163,937.14	69,371.00	.00	.00	233,308.14
Restricted Cash and Cash Equivalents	<u>11,225.85</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>11,225.85</u>
Total Assets	<u>\$1,670,081.09</u>	<u>69,371.00</u>	<u>.00</u>	<u>.00</u>	<u>1,739,452.09</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	146,002.58	.00	.00	.00	146,002.58
Interfunds Payable	28,087.28	69,371.00	.00	.00	97,458.28
Payable to State Government	.00	.00	.00	.00	.00
Unearned Revenue	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Liabilities	<u>174,089.86</u>	<u>69,371.00</u>	<u>.00</u>	<u>.00</u>	<u>243,460.86</u>
<b>Fund Balances:</b>					
Restricted for:					
Excess Surplus - Current Year	360,075.24	.00	.00	.00	360,075.24
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	489,231.73	.00	.00	.00	489,231.73
Capital Reserve	11,225.85	.00	.00	.00	11,225.85
Capital Projects	.00	.00	.00	.00	.00
Debt Service	.00	.00	.00	.00	.00
Assigned for:					
Designated by BOE for Subsequent Year's Expenditures	422,000.27	.00	.00	.00	422,000.27
Other Purposes	2,792.14	.00	.00	.00	2,792.14
Unassigned:					
General Fund	210,666.00	.00	.00	.00	210,666.00
Special Revenue Fund	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Fund Balances	<u>1,495,991.23</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>1,495,991.23</u>
Total Liabilities and Fund Balances	<u>\$1,670,081.09</u>	<u>69,371.00</u>	<u>.00</u>	<u>.00</u>	<u>1,739,452.09</u>

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$11,885,652.05 and the accumulated depreciation is \$1,767,987.79 (See Note 5).

10,117,664.26

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6)

(7,673,975.00)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.

(143,983.42)

Net Position of Government Funds

\$3,795,697.07

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Fund</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	5,197,941.00	.00	.00	534,105.00	5,732,046.00
Interest Earned on Capital Reserve	46.67	.00	.00	.00	46.67
Interest Earned on Investments	4,611.28	.00	.00	.00	4,611.28
Miscellaneous	<u>36,867.47</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>36,867.47</u>
Total - Local Sources	5,239,466.42	.00	.00	534,105.00	5,773,571.42
State Sources	2,545,562.54	.00	.00	177,731.00	2,723,293.54
Federal Sources	<u>.00</u>	<u>292,271.00</u>	<u>.00</u>	<u>.00</u>	<u>292,271.00</u>
Total Revenues	<u>7,785,028.96</u>	<u>292,271.00</u>	<u>.00</u>	<u>711,836.00</u>	<u>8,789,135.96</u>
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	1,553,087.75	138,969.00	.00	.00	1,692,056.75
Special Education Instruction	376,483.18	.00	.00	.00	376,483.18
Other Special Instruction	72,210.24	.00	.00	.00	72,210.24
Other Instruction	44,691.76	.00	.00	.00	44,691.76
Support Services:					
Tuition	3,221,974.65	.00	.00	.00	3,221,974.65
Student & Instruction Related Services	428,794.59	153,302.00	.00	.00	582,096.59
General Administration	192,174.50	.00	.00	.00	192,174.50
School Administrative Services	86,403.52	.00	.00	.00	86,403.52
Central Services	136,326.46	.00	.00	.00	136,326.46
Administration Information Technology	11,701.00	.00	.00	.00	11,701.00
Plant Operations and Maintenance	307,145.27	.00	.00	.00	307,145.27
Pupil Transportation	222,789.86	.00	.00	.00	222,789.86
Employee Benefits	1,374,269.00	.00	.00	.00	1,374,269.00
Transfer to Charter Schools	25,629.00	.00	.00	.00	25,629.00
Debt Service:					
Principal	.00	.00	.00	390,000.00	390,000.00
Interest and Other Charges	.00	.00	.00	322,030.84	322,030.84
Capital Outlay	<u>1,115.86</u>	<u>.00</u>	<u>1,534.14</u>	<u>.00</u>	<u>2,650.00</u>
Total Expenditures	<u>8,054,796.64</u>	<u>292,271.00</u>	<u>1,534.14</u>	<u>712,030.84</u>	<u>9,060,632.62</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(269,767.68)</u>	<u>.00</u>	<u>(1,534.14)</u>	<u>(194.84)</u>	<u>(271,496.66)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	.00	.00	.00	.00	.00
Transfers Out	<u>(.00)</u>	<u>(.00)</u>	<u>(.00)</u>	<u>(.00)</u>	<u>(.00)</u>
Total Other Financing Sources and Uses	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Net Change in Fund Balances	(269,767.68)	.00	(1,534.14)	(194.84)	(271,496.66)
Fund Balance - July 1 (Restated)	1,765,758.91	.00	1,534.14	194.84	1,767,487.89
Fund Balance - June 30	<u>\$1,495,991.23</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>1,495,991.23</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

Total net change in fund balances - governmental funds (from B-2) (271,496.66)

Amounts reported for governmental activities in the statement  
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expense	(104,501.42)	
Capital Outlay	<u>2,650.00</u>	(101,851.42)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	390,000.00
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In the statement of activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	(10,440.44)
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Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.	<u>7,377.04</u>
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Change in net position of governmental activities	<u>\$ 13,588.52</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.



**NEPTUNE CITY SCHOOL DISTRICT**  
**Statements of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2013**

**Food Service Fund**

**ASSETS:**

Current Assets:

Cash and Cash Equivalents	76,386.69
Accounts Receivable:	
State	107.25
Federal	4,874.90
Interfund	19,561.72
Other	3,244.95
Inventories	<u>1,356.90</u>

Total Current Assets	<u>105,532.41</u>
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Noncurrent Assets:

Equipment	71,880.08
Less Accumulated Depreciation	<u>(54,945.40)</u>

Total Noncurrent Assets	<u>16,934.68</u>
-------------------------	------------------

Total Assets	<u>122,467.09</u>
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**LIABILITIES:**

Current Liabilities:

Accounts Payable	21,140.65
Other Payable	.00
Interfund Payable	<u>.00</u>

Total Current Liabilities	<u>21,140.65</u>
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**DEFERRED INFLOWS OF RESOURCES:**

Deferred Commodities Revenue	<u>430.96</u>
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Total Deferred Inflows of Resources	<u>430.96</u>
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Total Liabilities and Deferred Inflows of Resources	<u>21,571.61</u>
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**NET POSITION:**

Net Investment in Capital Assets	16,934.68
Unrestricted	<u>83,960.80</u>

Total Net Position	<u>\$100,895.48</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

**Food Service Fund**

**OPERATING REVENUES:**

Local Sources:

Daily Sales - Reimbursable Programs	34,959.13
Daily Sales - Non-Reimbursable Programs	10,232.60
Satellite Sales - Non-Reimbursable Programs	<u>7,221.61</u>

Total Operating Revenues 52,413.34

**OPERATING EXPENSES:**

Food Service Costs:

Cost of Food	54,635.54
Wages	46,980.84
Payroll Taxes and Benefits	8,796.69
Insurance	5,980.43
Supplies	6,374.91
Miscellaneous	2,179.03
Management Fee	8,878.00
Administration Charges	<u>2,562.00</u>
	136,387.44

Other Expenses:

Fees	2,498.10
Repairs	314.11
Supplies	3,427.76
Depreciation	<u>1,237.82</u>

Total Operating Expenses 143,865.23

Operating Loss (91,451.89)

**NON-OPERATING REVENUES:**

State Sources:

State School Lunch Program 1,846.29

Federal Sources:

National School Lunch Program 74,457.42

School Breakfast Program 7,717.69

Food Distribution Program (Non-Cash) 12,620.90

Interest Earnings 241.38

Total Non-Operating Revenues 96,883.68

Income Before Contributions and Transfers 5,431.79

Operating Transfer In: Board Contribution .00

Change in Net Position 5,431.79

Total Net Position - July 1 95,463.69

Total Net Position - June 30 \$100,895.48

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

**Food Service Fund**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from Daily and Satellite Sales	48,586.04
Payments to Food Service Vendor	(107,266.58)
Payments for Other Expenses	<u>(6,239.97)</u>

Net Cash Used for Operating Activities (64,920.51)

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

State Reimbursements	1,816.10
Federal Reimbursements	80,379.43
Interfunds	(2,541.28)
Board Contribution	<u>.00</u>

Net Cash Provided by Non-Capital Financing Activities 79,654.25

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Purchase of Equipment	<u>(17,142.21)</u>
-----------------------	--------------------

Net Cash Used for Capital and Related Financing Activities (17,142.21)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest on Investments	<u>241.38</u>
-------------------------	---------------

Net Cash Provided by Investing Activities 241.38

Net Increase (Decrease) in Cash and Cash Equivalents (2,167.09)

Cash and Cash Equivalents - July 1 78,553.78

Cash and Cash Equivalents - June 30 \$ 76,386.69

**Reconciliation of Operating Loss to Net Cash Used for Operating Activities:**

Operating Loss	<u>(91,451.89)</u>
----------------	--------------------

Adjustments to Reconcile Operating Income (Loss) to Net Cash Used  
for Operating Activities

Depreciation	1,237.82
Food Distribution Program - Federal Assistance (Non-Cash)	12,620.90
(Increase) Decrease in Inventories	156.73
Increase (Decrease) in Accounts Payable	15,912.27
(Increase) Decrease in Other Accounts Receivable	(3,244.95)
Increase (Decrease) in Other Payable	(582.35)
Increase (Decrease) in Deferred Commodities Revenue	<u>430.96</u>
Total Adjustments	<u>26,531.38</u>

Net Cash Used for Operating Activities \$ (64,920.51)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.



**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS:</b>		
Cash and Cash Equivalents	147,921.54	6,724.67
Accounts Receivable:		
Payroll Service Vendor	1,901.57	.00
Interfunds	<u>6,464.11</u>	<u>5,461.45</u>
Total Assets	<u>156,287.22</u>	<u>12,186.12</u>
<b>LIABILITIES:</b>		
Accounts Payable	.00	.00
Payroll Deductions and		
Withholdings	.00	968.44
Due to Student Groups	<u>.00</u>	<u>11,217.68</u>
Total Liabilities	<u>.00</u>	<u>12,186.12</u>
<b>NET POSITION:</b>		
Held in Trust for Unemployment		
Claims and Other Purposes	<u>156,287.22</u>	
Total Net Position	<u>\$156,287.22</u>	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2013**

**Unemployment  
Compensation  
Trust**

**ADDITIONS:**

Contributions:	
Plan Member	5,364.20
Other -Budget Contributions	<u>.00</u>
Total Contributions	<u>5,364.20</u>
Investment Earnings:	
Interest	<u>671.13</u>
Net Investment Earnings	<u>671.13</u>
Total Additions	<u>6,035.33</u>

**DEDUCTIONS:**

Unemployment Claims	<u>30,904.88</u>
Total Deductions	<u>30,904.88</u>
Change in Net Position	(24,869.55)
Net Position - July 1	<u>181,156.77</u>
Net Position - June 30	<u>\$156,287.22</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The Neptune City School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Neptune City School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity:**

The Neptune City School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three year-terms. The purpose of the District is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the district holds the corporate powers of the organization
- the district appoints a voting majority of the organization's board
- the district is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the district
- there is a fiscal dependency by the organization on the district

Based on the aforementioned criteria, the District has no component units.

**B. New Accounting Standards:**

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. New Accounting Standards (Cont'd):**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections - 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**C. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-Wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Basis of Presentation:**

*District-Wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Basis of Presentation, Basis of Accounting (Cont'd):**

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

**General Fund:** The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP as it pertains to governmental entities states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

**Special Revenue Fund:** The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund:** The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund:** The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund:** The enterprise fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (ie. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Basis of Presentation, Basis of Accounting (Cont'd):**

Additionally, the District reports the following fund type:

**Fiduciary Funds:** The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

**Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-Wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. The Board voted to adopt P.L. 2001 c.202 effective January 17, 2012, which eliminated the annual voter referendum on budgets which meet the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets/Budgetary Control (Cont'd):**

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**E. Encumbrances:**

Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and service.

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**F. Assets, Liabilities, and Deferred Outflows/Inflows of Resources, and Net Position:**

**Cash, Cash Equivalents, and Investments:**

Cash and cash equivalents include cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. The Board classifies certificates of deposit which have maturity dates of less than twelve months from date of purchase as investments and are stated at cost.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**Interfund Transactions:**

Transfers between governmental and business-type activities on the District-Wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Assets, Liabilities, and Deferred Outflows/Inflows of Resources, and Net Position (Cont'd):**

Interfund Transactions (Cont'd):

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 1992 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. The cost of normal maintenance and repairs is not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.00.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
School Buildings	50
Building Improvements	20
Land Improvements	20
Office & Computer Equipment	5
Furniture	10
Other Equipment	10
Trucks	5

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Unearned Revenue:

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Assets, Liabilities, and Deferred Outflows/Inflows of Resources, and Net Position (Cont'd):**

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-Wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

**Net Position:**

Net position represent the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

**Fund Balance:**

Beginning with the fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definition". The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**Restricted** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit these amounts.

**Assigned** - The assigned fund balance classification includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

**Unassigned** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Assets, Liabilities, and Deferred Outflows/Inflows of Resources, and Net Position (Cont'd):**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balance first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, deferred commodities revenue, that qualifies for reporting in this category. This item is reported in both the district-wide and the propriety funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

**Revenues - Exchange and Nonexchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest and tuition.

**Operating Revenue and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Management Estimates:**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2013, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
<b>Deposits:</b>			
Demand Deposits			1,235,046.35
<b>Investments:</b>			
Certificate of Deposit - Kearny			
Federal Savings	N/A	10/30/13	<u>281,513.29</u>
<b>Total deposits and investments</b>			<b><u>\$1,516,559.64</u></b>
<b>Reconciliation of Statement of Net Position</b>			
Current:			
Cash and Cash Equivalents			1,223,820.50
Investments			281,513.29
Restricted:			
Capital Reserve Account			<u>11,225.85</u>
			<b><u>\$1,516,559.64</u></b>

**Custodial Credit Risk** - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$1,712,300.96 at June 30, 2013. Of the bank balance \$383,924.66 was fully insured by depository insurance and \$1,328,376.30 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

**Investment Interest Rate Risk** - The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2013, are provided in the above schedule.

**Investment Credit Risk** - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by school district;
6. Local governments investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
8. Agreements for the repurchase of fully collateralized securities.

**Concentration of Investment Credit Risk** - The District places no limit on the amount it may invest in any one issuer. At June 30, 2013, the District's investments are with Kearny Federal Savings as shown above.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 3. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Borough of Neptune City Board of Education by inclusion of \$1.00 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both.. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$11,179.18
Interest earnings	46.67
Deposits	
Approved at April 2012 election	.00
Withdrawals	
Board resolution	.00
Ending balance, June 30, 2013	<u>\$11,225.85</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects at June 30, 2013 is \$.00.

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2013, consisted of interfund and intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
State Aid	233,308.14	164,044.39
Federal Aid	.00	74,245.90
Interfunds	65,971.00	19,561.72
Other	<u>.00</u>	<u>3,244.95</u>
Gross Receivables	299,279.14	261,096.96
Less: Allowance for Uncollectibles	<u>.00</u>	<u>.00</u>
Total Receivables, Net	<u>\$299,279.14</u>	<u>261,096.96</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	30,000.00	.00	.00	30,000.00
Construction in progress	10,185,146.43	1,534.14	(10,186,680.57)	.00
Total capital assets not being depreciated	10,215,146.43	1,534.14	(10,186,680.57)	30,000.00
Capital assets being depreciated:				
Site improvements	22,325.00	.00	.00	22,325.00
Building and building improvements	1,255,494.95	10,187,796.43	.00	11,443,291.38
Machinery and equipment	385,035.67	.00	.00	385,035.67
Truck	5,000.00	.00	.00	5,000.00
Total capital assets being depreciated	1,667,855.62	10,187,796.43	.00	11,855,652.05
Total at historical cost	11,883,002.05	10,189,330.57	(10,186,680.57)	11,885,652.05
Less accumulated depreciation for:				
Site Improvements	(22,325.00)	(.00)	.00	(22,325.00)
Building and improvements	(1,252,229.96)	(103,765.22)	.00	(1,355,995.18)
Machinery and equipment	(383,931.41)	(736.20)	.00	(384,667.61)
Truck	(5,000.00)	(.00)	.00	(5,000.00)
Total accumulated depreciation	(1,663,486.37)	(104,501.42)	.00	(1,767,987.79)
Governmental activity capital assets, net	<u>\$10,219,515.68</u>	<u>10,084,829.15</u>	<u>(10,186,680.57)</u>	<u>10,117,664.26</u>
<b>Business-Type Activities:</b>				
Capital assets being depreciated:				
Equipment	54,737.87	17,142.21	.00	71,880.08
Less accumulated depreciation	(53,707.58)	(1,237.82)	.00	(54,945.40)
Enterprise fund capital assets, net	<u>\$ 1,030.29</u>	<u>15,904.39</u>	<u>.00</u>	<u>16,934.68</u>

**Depreciation expense was charged to the following governmental programs:**

Instruction	277.71
Support Services - Administration	1,367.04
Operation and Maintenance of Plant Services	736.20
Unallocated	102,120.47
Total	<u>\$104,501.42</u>

**6. LONG-TERM OBLIGATIONS**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**A. Long-Term Obligation Activity:**

Change in long-term obligations for the year ended June 30, 2013, are as follows:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Compensated absences	68,534.56	14,365.44	(3,925.00)	78,975.00	.00
Bonds	7,985,000.00	.00	(390,000.00)	7,595,000.00	410,000.00
	<u>\$8,053,534.56</u>	<u>14,365.44</u>	<u>(393,925.00)</u>	<u>7,673,975.00</u>	<u>410,000.00</u>



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**6. LONG-TERM OBLIGATIONS (CONT'D)**

	<b>Government Activities</b>		
	<b>Issue Date</b>	<b>Interest Rates</b>	<b>Date of Maturity</b>
Bonds Payable	06/01/2006	4.125% - 4.200%	07/15/2026
			<b>Principal Balance June 30, 2013</b>
			<u>7,595,000.00</u>
<b>Total Bonds</b>			<b><u>\$7,595,000.00</u></b>

**B. Debt Service Requirements:**

Debt service requirements on serial bonds payable at June 30, 2013 are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	410,000.00	305,531.25	715,531.25
2015	425,000.00	288,309.38	713,309.38
2016	445,000.00	270,365.63	715,365.63
2017	460,000.00	251,700.00	711,700.00
2018-2022	2,620,000.00	950,156.26	3,570,156.26
2023-2027	<u>3,235,000.00</u>	<u>347,493.76</u>	<u>3,582,493.76</u>
	<u>\$7,595,000.00</u>	<u>2,413,556.28</u>	<u>10,008,556.28</u>

**C. Bonds Authorized But Not Issued:** The District had \$543.00 authorized but not issued bonds at June 30, 2013.

**NOTE 7. FUND BALANCE APPROPRIATED**

General Fund - Of the \$1,495,991.23 General Fund fund balance at June 30, 2013, \$360,075.24 has been restricted for excess surplus; \$489,231.73 has been restricted for excess surplus at June 30, 2012 and has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$11,225.85 has been restricted for the Capital Reserve Account; \$2,792.14 of encumbrances for outstanding purchase orders have been assigned for other purposes; \$422,000.27 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2014; and \$210,666.00 is unassigned.

**NOTE 8. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1997 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$360,075.24.

**NOTE 9. CONTINGENT LIABILITIES**

**Grant Programs:**

The School District participates in federal awards and state financial assistance grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 10. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or may be accessed via the State of New Jersey Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** - P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For a new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 10. PENSION PLANS (CONT'D)**

**Significant Legislation (Cont'd)**

- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increase to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for services credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c. 2, effective May 21, 2010, also requires contributions toward health care benefits coverage by public employees and certain retirees.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS.

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

<b><u>Three-Year Trend Information for PERS</u></b>			
<b><u>Year</u></b>	<b><u>Annual</u></b>	<b><u>Percentage</u></b>	<b><u>Net</u></b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/13	45,627.00	100%	45,627.00
6/30/12	50,414.00	100%	50,414.00
6/30/11	47,769.00	100%	47,769.00

During the fiscal years ended June 30, 2013, 2012, and 2011, the State of New Jersey contributed \$157,721.00, \$141,809.00, and \$141,765.00 respectively, excluding post-retirement medical, to the TPAF pension system on behalf of the District.



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 10. PENSION PLANS (CONT'D)**

**Contribution Requirements (Cont'd)**

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$143,880.54 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**NOTE 11. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the State of New Jersey and as such, no district OPEB liability exists.

**NOTE 12. COMPENSATED ABSENCES**

The District accounts for compensated absences (sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon retirement and who have not less than twenty (20) years of service in the District, the District shall pay the employee for unused sick leave in accordance with the Districts' agreements with the various employee unions.

The entire liability for compensated absences is reported in the District-Wide Statements of Net Position.

**NOTE 13. DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable  
Syracusa Benefits Program



**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**14. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	671.13	5,364.20	30,904.88	156,287.22
2011-2012	823.63	5,021.49	6,293.90	181,156.77
2010-2011	45,632.77	4,848.81	11,486.92	181,605.55

**NOTE 15. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances at June 30, 2013 consisted of the following individual fund receivable and payables:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Special Revenue Fund	65,971.00	.00
Unemployment Compensation Trust	.00	6,464.11**
Food Service Fund	.00	19,561.72**
Agency Fund	.00	2,061.45**
Special Revenue Fund:		
General Fund	.00	65,971.00
Agency Fund	.00	3,400.00**
Food Service Fund:		
General Fund	19,561.72*	.00
Unemployment Compensation Trust:		
General Fund	6,464.11	.00
Agency Fund:		
Special Revenue Fund	3,400.00	.00
General Fund	2,061.45	.00
	<u>\$97,458.28</u>	<u>97,458.28</u>

All of the above interfunds represent short-term loans.

\*Reported as a receivable on the District-Wide statement of net position.

\*\*Reported as a payable on the District-Wide statement of net position.

The District had no operating transfers during the year ended June 30, 2013.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**NOTE 16. INVENTORY**

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	819.73
Supplies	<u>537.17</u>
	<u>\$1,356.90</u>

**NOTE 17. RESTATEMENT**

On July 1, 2012, the Neptune City Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Neptune City Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance cost in the amount of \$15,042.07 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$3,797,150.62 as originally reported to \$3,782,108.55 as adjusted for the effects of the change in accounting principle.

**NOTE 18. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2013 and November 29, 2013, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**



## **BUDGETARY COMPARISON SCHEDULES**

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	5,197,941.00	0.00	5,197,941.00	5,197,941.00	0.00
Interest Earned on Capital Reserve Funds	20.00	0.00	20.00	46.67	26.67
Miscellaneous	2,000.00	0.00	2,000.00	41,478.75	39,478.75
Total - Local Sources	5,199,961.00	0.00	5,199,961.00	5,239,466.42	39,505.42
<b>State Sources:</b>					
Equalization Aid	1,576,474.00	0.00	1,576,474.00	1,576,474.00	0.00
Special Education Categorical Aid	339,557.00	0.00	339,557.00	339,557.00	0.00
Security Aid	21,044.00	0.00	21,044.00	21,044.00	0.00
Transportation Aid	25,153.00	0.00	25,153.00	25,153.00	0.00
Extraordinary Special Education Costs Aid	0.00	0.00	0.00	149,481.00	149,481.00
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	157,721.00	157,721.00
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	0.00	0.00	0.00	139,484.00	139,484.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	143,880.54	143,880.54
Total State Sources	1,962,228.00	0.00	1,962,228.00	2,552,794.54	590,566.54
<b>Total Revenues</b>	<b>7,162,189.00</b>	<b>0.00</b>	<b>7,162,189.00</b>	<b>7,792,260.96</b>	<b>630,071.96</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Preschool - Salaries of Teachers	0.00	31,000.00	31,000.00	30,773.83	226.17
Kindergarten - Salaries of Teachers	131,900.00	10,800.00	142,700.00	142,570.07	129.93
Grades 1-5 - Salaries of Teachers	693,000.00	8,000.00	701,000.00	700,275.51	724.49
Grades 6-8 - Salaries of Teachers	497,000.00	15,000.00	512,000.00	501,476.23	10,523.77
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	4,000.00	(3,800.00)	200.00	0.00	200.00
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	108,000.00	(37,000.00)	71,000.00	70,931.78	68.22
Purchased Professional-Educational Services	4,000.00	0.00	4,000.00	0.00	4,000.00
Other Purchased Services (400-500 series)	30,500.00	0.00	30,500.00	29,303.65	1,196.35
General Supplies	90,000.00	(17,000.00)	73,000.00	45,945.95	27,054.05
Textbooks	40,000.00	0.00	40,000.00	25,055.31	14,944.69
Other Objects	20,000.00	(7,500.00)	12,500.00	6,755.42	5,744.58
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>1,618,400.00</b>	<b>(500.00)</b>	<b>1,617,900.00</b>	<b>1,553,087.75</b>	<b>64,812.25</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	84,770.00	20,000.00	104,770.00	104,238.73	531.27
Other Salaries for Instruction	10,000.00	47,300.00	57,300.00	57,228.12	71.88
General Supplies	1,500.00	0.00	1,500.00	0.00	1,500.00
<b>Total Learning and/or Language Disabilities</b>	<b>96,270.00</b>	<b>67,300.00</b>	<b>163,570.00</b>	<b>161,466.85</b>	<b>2,103.15</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	199,800.00	(12,000.00)	187,800.00	183,445.92	4,354.08
General Supplies	2,500.00	0.00	2,500.00	873.11	1,626.89
<b>Total Resource Room/Resource Center</b>	<b>202,300.00</b>	<b>(12,000.00)</b>	<b>190,300.00</b>	<b>184,319.03</b>	<b>5,980.97</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	25,050.00	(8,000.00)	17,050.00	14,661.82	2,388.18
Other Salaries for Instruction	14,000.00	2,500.00	16,500.00	16,035.48	464.52
General Supplies	600.00	0.00	600.00	0.00	600.00
<b>Total Preschool Disabilities - Part-Time</b>	<b>39,650.00</b>	<b>(5,500.00)</b>	<b>34,150.00</b>	<b>30,697.30</b>	<b>3,452.70</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>338,220.00</b>	<b>49,800.00</b>	<b>388,020.00</b>	<b>376,483.18</b>	<b>11,536.82</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	44,600.00	0.00	44,600.00	15,960.24	28,639.76
General Supplies	3,000.00	0.00	3,000.00	0.00	3,000.00
<b>Total Basic Skills/Remedial - Instruction</b>	<b>47,600.00</b>	<b>0.00</b>	<b>47,600.00</b>	<b>15,960.24</b>	<b>31,639.76</b>



**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	56,670.00	0.00	56,670.00	56,250.00	420.00
General Supplies	1,000.00	0.00	1,000.00	0.00	1,000.00
<b>Total Bilingual Education - Instruction</b>	<b>57,670.00</b>	<b>0.00</b>	<b>57,670.00</b>	<b>56,250.00</b>	<b>1,420.00</b>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	17,500.00	0.00	17,500.00	15,677.89	1,822.11
Supplies and Materials	2,000.00	0.00	2,000.00	60.00	1,940.00
Other Objects	1,000.00	0.00	1,000.00	265.25	734.75
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>20,500.00</b>	<b>0.00</b>	<b>20,500.00</b>	<b>16,003.14</b>	<b>4,496.86</b>
<b>School-Spon. Cocurricular Athletics - Inst.</b>					
Salaries	23,000.00	0.00	23,000.00	21,628.50	1,371.50
Purchased Services (300-500 series)	6,500.00	0.00	6,500.00	4,229.00	2,271.00
Supplies and Materials	5,000.00	0.00	5,000.00	597.92	4,402.08
Other Objects	2,500.00	0.00	2,500.00	2,233.20	266.80
<b>Total School-Spon. Cocurricular Athletics - Inst.</b>	<b>37,000.00</b>	<b>0.00</b>	<b>37,000.00</b>	<b>28,688.62</b>	<b>8,311.38</b>
<b>Other Instructional Programs - Instruction</b>					
<b>Community Services Programs/Operations</b>					
Purchased Services (300-500 series)	1,000.00	0.00	1,000.00	0.00	1,000.00
<b>Total Community Services Programs/Operations</b>	<b>1,000.00</b>	<b>0.00</b>	<b>1,000.00</b>	<b>0.00</b>	<b>1,000.00</b>
<b>TOTAL INSTRUCTION AND AT-RISK PROGRAMS</b>	<b>2,120,390.00</b>	<b>49,300.00</b>	<b>2,169,690.00</b>	<b>2,046,472.93</b>	<b>123,217.07</b>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	1,833,245.00	28,000.00	1,861,245.00	1,842,234.30	19,010.70
Tuition to Other LEAs Within the State - Special	225,602.00	(79,000.00)	146,602.00	138,107.05	8,494.95
Tuition to County Voc. School Dist. - Regular	82,300.00	(9,000.00)	73,300.00	73,075.00	225.00
Tuition to County Voc. School Dist. - Special	71,400.00	(15,000.00)	56,400.00	48,450.00	7,950.00
Tuition to CSSD & Reg. Day Schools	37,620.00	11,000.00	48,620.00	48,539.08	80.92
Tuition to Private Schools for the Disabled - Within State	999,758.00	64,000.00	1,063,758.00	1,008,839.22	54,918.78
Tuition State Facilities	62,730.00	0.00	62,730.00	62,730.00	0.00
<b>Total Undistributed Expenditures - Instruction:</b>	<b>3,312,655.00</b>	<b>0.00</b>	<b>3,312,655.00</b>	<b>3,221,974.65</b>	<b>90,680.35</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	25,500.00	0.00	25,500.00	22,911.85	2,588.15
Purchased Professional and Technical Services	2,500.00	0.00	2,500.00	0.00	2,500.00
Supplies and Materials	250.00	0.00	250.00	0.00	250.00
Other Objects	300.00	0.00	300.00	0.00	300.00
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>28,550.00</b>	<b>0.00</b>	<b>28,550.00</b>	<b>22,911.85</b>	<b>5,638.15</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	50,000.00	(1,000.00)	49,000.00	48,164.35	835.65
Purchased Professional and Technical Services	6,700.00	1,000.00	7,700.00	7,700.00	0.00
Supplies and Materials	2,000.00	0.00	2,000.00	1,747.09	252.91
Other Objects	800.00	0.00	800.00	115.00	685.00
<b>Total Undistributed Expenditures - Health Services</b>	<b>59,500.00</b>	<b>0.00</b>	<b>59,500.00</b>	<b>57,726.44</b>	<b>1,773.56</b>
<b>Undist. Expend. - Speech/Occupational Therapy, Physical Therapy &amp; Related Serv.</b>					
Salaries	68,500.00	0.00	68,500.00	65,801.85	2,698.15
Purchased Professional - Educational Services	54,400.00	0.00	54,400.00	46,028.60	8,371.40
Supplies and Materials	1,000.00	0.00	1,000.00	230.97	769.03
<b>Total Undist. Expend. - Speech/Occ Therapy, PT &amp; Related Serv.</b>	<b>123,900.00</b>	<b>0.00</b>	<b>123,900.00</b>	<b>112,061.42</b>	<b>11,838.58</b>
<b>Other Support Services - Students - Extraordinary</b>					
Purchased Professional - Educational Services	120,000.00	(4,300.00)	115,700.00	102,162.78	13,537.22
<b>Total Support Services - Students - Extraordinary</b>	<b>120,000.00</b>	<b>(4,300.00)</b>	<b>115,700.00</b>	<b>102,162.78</b>	<b>13,537.22</b>

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	91,500.00	0.00	91,500.00	90,542.44	957.56
Salaries of Secretarial and Clerical Assistants	12,600.00	0.00	12,600.00	12,551.54	48.46
Purchased Professional - Educational Services	2,000.00	0.00	2,000.00	1,500.00	500.00
Other Purchased Prof. and Tech. Services	2,500.00	0.00	2,500.00	1,782.08	717.92
Supplies and Materials	2,600.00	0.00	2,600.00	784.33	1,815.67
<b>Total Undist. Expend. - Child Study Teams</b>	<b>111,200.00</b>	<b>0.00</b>	<b>111,200.00</b>	<b>107,160.39</b>	<b>4,039.61</b>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Supplies and Materials	6,000.00	0.00	6,000.00	928.77	5,071.23
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>6,000.00</b>	<b>0.00</b>	<b>6,000.00</b>	<b>928.77</b>	<b>5,071.23</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Other Purchased Services (400-500 series)	31,440.00	0.00	31,440.00	25,842.94	5,597.06
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>31,440.00</b>	<b>0.00</b>	<b>31,440.00</b>	<b>25,842.94</b>	<b>5,597.06</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	125,875.00	0.00	125,875.00	123,581.32	2,293.68
Legal Services	17,000.00	0.00	17,000.00	12,880.00	4,120.00
Audit Fees	13,100.00	0.00	13,100.00	13,100.00	0.00
Other Purchased Professional Services	5,000.00	0.00	5,000.00	0.00	5,000.00
Purchased Technical Services	6,500.00	0.00	6,500.00	4,332.49	2,167.51
Communications/Telephone	13,200.00	0.00	13,200.00	11,267.90	1,932.10
BOE Other Purchased Services	4,500.00	0.00	4,500.00	1,859.30	2,640.70
Miscellaneous Purchased Services (400-500 series other than 530/585)	8,500.00	0.00	8,500.00	7,500.00	1,000.00
General Supplies	8,000.00	0.00	8,000.00	581.63	7,418.37
Miscellaneous Expenditures	8,190.00	16,300.00	24,490.00	13,092.74	11,397.26
BOE Membership Dues and Fees	5,100.00	0.00	5,100.00	3,979.12	1,120.88
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>214,965.00</b>	<b>16,300.00</b>	<b>231,265.00</b>	<b>192,174.50</b>	<b>39,090.50</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Secretarial and Clerical Assistants	72,100.00	5,000.00	77,100.00	76,640.05	459.95
Supplies and Materials	4,500.00	0.00	4,500.00	0.00	4,500.00
Other Objects	16,000.00	3,700.00	19,700.00	9,763.47	9,936.53
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>92,600.00</b>	<b>8,700.00</b>	<b>101,300.00</b>	<b>86,403.52</b>	<b>14,896.48</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	122,725.00	0.00	122,725.00	122,719.59	5.41
Purchased Professional Services	10,000.00	2,000.00	12,000.00	10,877.56	1,122.44
Supplies and Materials	4,000.00	0.00	4,000.00	198.76	3,801.24
Miscellaneous Expenditures	3,000.00	13,000.00	16,000.00	2,530.55	13,469.45
<b>Total Undistributed Expenditures - Central Services</b>	<b>139,725.00</b>	<b>15,000.00</b>	<b>154,725.00</b>	<b>136,326.46</b>	<b>18,398.54</b>
<b>Undistributed Expenditures - Admin. Info. Tech.</b>					
Purchased Technical Services	12,000.00	0.00	12,000.00	11,701.00	299.00
<b>Total Undistributed Expenditures - Admin. Info. Tech.</b>	<b>12,000.00</b>	<b>0.00</b>	<b>12,000.00</b>	<b>11,701.00</b>	<b>299.00</b>
<b>Undist. Expend. -Required Maintenance for School Facilities</b>					
Salaries	40,000.00	0.00	40,000.00	40,000.00	0.00
Cleaning, Repair, and Maintenance Services	9,000.00	0.00	9,000.00	165.00	8,835.00
<b>Total Undist. Expend. -Required Maintenance for School Facilities</b>	<b>49,000.00</b>	<b>0.00</b>	<b>49,000.00</b>	<b>40,165.00</b>	<b>8,835.00</b>
<b>Undist. Expend. - Other Operation &amp; Maintenance of Plant Services</b>					
Salaries	123,420.00	(5,000.00)	118,420.00	106,139.58	12,280.42
Cleaning, Repair and Maintenance Services	32,000.00	0.00	32,000.00	16,569.58	15,430.42
Other Purchased Property Services	5,000.00	0.00	5,000.00	4,087.52	912.48
Insurance	41,300.00	(5,000.00)	36,300.00	28,893.07	7,406.93
General Supplies	17,000.00	0.00	17,000.00	16,680.47	319.53
Energy - Heat & Electricity	127,000.00	(16,592.00)	110,408.00	84,620.63	25,787.37
Other Objects	14,000.00	0.00	14,000.00	9,989.42	4,010.58
<b>Total Undist. Expend. - Other Operation &amp; Maintenance of Plant Serv.</b>	<b>359,720.00</b>	<b>(26,592.00)</b>	<b>333,128.00</b>	<b>266,980.27</b>	<b>66,147.73</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. Of Plant Services</b>	<b>408,720.00</b>	<b>(26,592.00)</b>	<b>382,128.00</b>	<b>307,145.27</b>	<b>74,982.73</b>



**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES (Continued):</b>					
<b>Current Expense (Continued):</b>					
<b>Undist. Expend. - Student Transportation Serv.</b>					
Contract Services (Other than Between Home & School)-Vendors	18,500.00	0.00	18,500.00	14,646.00	3,854.00
Contract Services - (Between Home and Sch) - Joint Agrmts	105,000.00	(9,000.00)	96,000.00	83,992.86	12,007.14
Contr Serv (Spl. Ed. Students) - Vendors	10,000.00	0.00	10,000.00	6,769.08	3,230.92
Contr Serv (Spl. Ed. Students) - Joint Agrmt	150,000.00	(19,000.00)	131,000.00	117,381.92	13,618.08
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<b>283,500.00</b>	<b>(28,000.00)</b>	<b>255,500.00</b>	<b>222,789.86</b>	<b>32,710.14</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	60,000.00	6,000.00	66,000.00	65,268.95	731.05
Other Retirement Contributions - Regular	56,000.00	0.00	56,000.00	45,627.00	10,373.00
Unemployment Compensation	20,000.00	0.00	20,000.00	0.00	20,000.00
Workmen's Compensation	34,000.00	0.00	34,000.00	29,644.42	4,355.58
Health Benefits	948,000.00	(38,000.00)	910,000.00	791,143.09	118,856.91
Tuition Reimbursement	5,000.00	0.00	5,000.00	1,500.00	3,500.00
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>1,123,000.00</b>	<b>(32,000.00)</b>	<b>1,091,000.00</b>	<b>933,183.46</b>	<b>157,816.54</b>
On-behalf TPAF Pension Contributions (non-budgeted)	0.00	0.00	0.00	139,484.00	(139,484.00)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib.(non-budgeted)	0.00	0.00	0.00	157,721.00	(157,721.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)	0.00	0.00	0.00	143,880.54	(143,880.54)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>441,085.54</b>	<b>(441,085.54)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>1,123,000.00</b>	<b>(32,000.00)</b>	<b>1,091,000.00</b>	<b>1,374,269.00</b>	<b>(283,269.00)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>6,067,755.00</b>	<b>(50,892.00)</b>	<b>6,016,863.00</b>	<b>5,981,578.85</b>	<b>35,284.15</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>8,188,145.00</b>	<b>(1,592.00)</b>	<b>8,186,553.00</b>	<b>8,028,051.78</b>	<b>158,501.22</b>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	20.00	0.00	20.00	0.00	20.00
<b>Equipment</b>					
Undistributed Expenditures - Instruction	10,000.00	0.00	10,000.00	0.00	10,000.00
Undistributed Expenditures - General Administration	5,000.00	0.00	5,000.00	0.00	5,000.00
Undistributed Expenditures- Custodial Services	5,000.00	0.00	5,000.00	1,115.86	3,884.14
Undistributed Expenditures- Care and Upkeep of Grounds	5,000.00	0.00	5,000.00	0.00	5,000.00
<b>Total Equipment</b>	<b>25,000.00</b>	<b>0.00</b>	<b>25,000.00</b>	<b>1,115.86</b>	<b>23,884.14</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>25,020.00</b>	<b>0.00</b>	<b>25,020.00</b>	<b>1,115.86</b>	<b>23,904.14</b>
Transfer of Funds to Charter Schools	24,037.00	1,592.00	25,629.00	25,629.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>8,237,202.00</b>	<b>0.00</b>	<b>8,237,202.00</b>	<b>8,054,796.64</b>	<b>182,405.36</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>(1,075,013.00)</b>	<b>0.00</b>	<b>(1,075,013.00)</b>	<b>(262,535.68)</b>	<b>812,477.32</b>
<b>Other Financing Sources (Uses):</b>					
<b>Operating Transfer Out:</b>					
Transfer to Food Service Fund - Board Contribution	0.00	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses):</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>					
<b>Over (Under) Expenditures and Other Financing Uses</b>	<b>(1,075,013.00)</b>	<b>0.00</b>	<b>(1,075,013.00)</b>	<b>(262,535.68)</b>	<b>812,477.32</b>
<b>Fund Balance, July 1</b>	<b>1,947,341.91</b>	<b>0.00</b>	<b>1,947,341.91</b>	<b>1,947,341.91</b>	<b>0.00</b>
<b>Fund Balance, June 30</b>	<b>872,328.91</b>	<b>0.00</b>	<b>872,328.91</b>	<b>1,684,806.23</b>	<b>812,477.32</b>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				11,225.85	
Excess Surplus - Designated for Subsequent Year's Expenditures				489,231.73	
Excess Surplus - Current Year				360,075.24	
<b>Assigned Fund Balance:</b>					
Year-End Encumbrances				2,792.14	
Designated for Subsequent Year's Expenditures				422,000.27	
<b>Unassigned Fund Balance</b>				<b>399,481.00</b>	
				<b>1,684,806.23</b>	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last Two State Aid Payments not recognized on GAAP basis				(188,815.00)	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<b>1,495,991.23</b>	

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	.00	.00	.00	.00	.00
Federal Sources	<u>233,000.00</u>	<u>59,271.00</u>	<u>292,271.00</u>	<u>292,271.00</u>	<u>.00</u>
Total Revenues	<u>233,000.00</u>	<u>59,271.00</u>	<u>292,271.00</u>	<u>292,271.00</u>	<u>.00</u>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	98,000.00	(28,710.00)	69,290.00	69,290.00	.00
Other Salaries for Instruction	.00	10,500.00	10,500.00	10,500.00	.00
Purchased Professional and Technical Services	.00	32,875.00	32,875.00	32,875.00	.00
Tuition	.00	20,000.00	20,000.00	20,000.00	.00
General Supplies	<u>.00</u>	<u>6,304.00</u>	<u>6,304.00</u>	<u>6,304.00</u>	<u>.00</u>
Total Instruction	<u>98,000.00</u>	<u>40,969.00</u>	<u>138,969.00</u>	<u>138,969.00</u>	<u>.00</u>
Support Services					
Salaries of Other Professional Staff	135,000.00	(65,000.00)	70,000.00	70,000.00	.00
Salaries of Secretarial & Clerical Asst.	.00	17,310.00	17,310.00	17,310.00	.00
Purchased Professional Services	.00	10,000.00	10,000.00	10,000.00	.00
Personal Services - Employee Benefits	<u>.00</u>	<u>55,992.00</u>	<u>55,992.00</u>	<u>55,992.00</u>	<u>.00</u>
Total Support Services	<u>135,000.00</u>	<u>18,302.00</u>	<u>153,302.00</u>	<u>153,302.00</u>	<u>.00</u>
Facilities Acquisition & Construction Services:					
Instructional Equipment	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Facilities Acquisition & Construction Services	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Expenditures	<u>233,000.00</u>	<u>59,271.00</u>	<u>292,271.00</u>	<u>292,271.00</u>	<u>.00</u>
Total Outflows	<u>233,000.00</u>	<u>59,271.00</u>	<u>292,271.00</u>	<u>292,271.00</u>	<u>.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures & Other Financing Sources (Uses)	<u>\$ .00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>



**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**NEPTUNE CITY SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2013**

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	7,792,260.96	292,271.00
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2012	.00	.00
Encumbrances, June 30, 2013	(.00)	(.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	181,583.00	.00
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(188,815.00)</u>	<u>(.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>7,785,028.96</u>	<u>292,271.00</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	8,054,796.64	292,271.00
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2012	.00	.00
Encumbrances, June 30, 2013	(.00)	(.00)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund.	<u>.00</u>	<u>.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$8,054,796.64</u>	<u>292,271.00</u>



## **OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2013**

	<b><u>Title II Part A</u></b> <b><u>Teacher and</u></b> <b><u>Principal</u></b> <b><u>Training</u></b>	<b><u>Title I</u></b> <b><u>Part A</u></b> <b><u>2012-13</u></b>	<b><u>IDEA Part B</u></b> <b><u>Basic</u></b> <b><u>2012-13</u></b>	<b><u>IDEA Part B</u></b> <b><u>Preschool</u></b> <b><u>2012-13</u></b>	<b><u>Totals</u></b> <b><u>2013</u></b>
<b>REVENUES:</b>					
State Sources	.00	.00	.00	.00	.00
Federal Sources	<u>26,188.00</u>	<u>95,870.00</u>	<u>163,944.00</u>	<u>6,269.00</u>	<u>292,271.00</u>
<b>Total Revenues</b>	<u>26,188.00</u>	<u>95,870.00</u>	<u>163,944.00</u>	<u>6,269.00</u>	<u>292,271.00</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	21,823.00	42,467.00	.00	5,000.00	69,290.00
Other Salaries for Instruction	.00	.00	10,500.00	.00	10,500.00
Purchased Professional and Technical Services	.00	32,875.00	.00	.00	32,875.00
Tuition to Other LEA's Within the State - Regular	.00	.00	20,000.00	.00	20,000.00
General Supplies	<u>.00</u>	<u>6,035.00</u>	<u>.00</u>	<u>269.00</u>	<u>6,304.00</u>
<b>Total Instruction</b>	<u>21,823.00</u>	<u>81,377.00</u>	<u>30,500.00</u>	<u>5,269.00</u>	<u>138,969.00</u>
<b>Support Services:</b>					
Salaries of Other Professional Staff	.00	.00	70,000.00	.00	70,000.00
Salaries of Secretarial & Clerical Assistants.	.00	.00	17,310.00	.00	17,310.00
Personal Services - Employee Benefits	4,365.00	14,493.00	36,134.00	1,000.00	55,992.00
Purchased Professional Services	<u>.00</u>	<u>.00</u>	<u>10,000.00</u>	<u>.00</u>	<u>10,000.00</u>
<b>Total Support Services</b>	<u>4,365.00</u>	<u>14,493.00</u>	<u>133,444.00</u>	<u>1,000.00</u>	<u>153,302.00</u>
<b>Facilities Acquisition &amp; Const. Services</b>					
Instructional Equipment	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Total Facilities Acquisition &amp; Const. Services</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Total Expenditures</b>	<u>26,188.00</u>	<u>95,870.00</u>	<u>163,944.00</u>	<u>6,269.00</u>	<u>292,271.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ .00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>



## **CAPITAL PROJECTS FUND DETAIL STATEMENT**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

NEPTUNE CITY SCHOOL DISTRICT  
Capital Projects Fund  
Summary Schedule of Project Expenditures  
For the Fiscal Year Ended June 30, 2013

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP</u>		<u>Unexpended Appropriations 06/30/2013</u>
			<u>Prior Years</u>	<u>Expenditures to Date Current Year</u>	
Addition and Alterations to the Woodrow Wilson Elementary School	12/13/2005	<u>\$10,122,543.00</u>	<u>10,120,465.86</u>	<u>1,534.14</u>	<u>543.00</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2013**

**Revenue and Other Financing Sources:**

Bond Proceeds and Transfers	.00
Transfer From Capital Reserve	.00
Transfer From Capital Outlay	.00
Interest Earned	<u>.00</u>
Total Revenues	<u>.00</u>

**Expenditures and Other Financing Uses:**

Legal Services	.00
Other Purchased Professional Services	.00
Construction Services	<u>1,534.14</u>
Total Expenditures	<u>1,534.14</u>

Excess (Deficiency) of Revenue Over (Under) Expenditures (1,534.14)

**Other Financing Uses:**

Transfer Out - Debt Service Fund	<u>(.00)</u>
Total Other Financing Uses	<u>(.00)</u>

Excess (Deficiency) of Revenues and Other Financing Uses  
Over (Under) Expenditures (1,534.14)

Fund Balance - July 1 1,534.14

Fund Balance - June 30 \$ .00



**NEPTUNE CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Additions and Alterations to the Woodrow Wilson Elementary School**  
**From Inception and For the Year Ended June 30, 2013**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Bond Proceeds and Transfers	9,772,000.00	.00	9,772,000.00	9,772,543.00
Transfer From Capital Reserve	350,000.00	.00	350,000.00	350,000.00
Transfer From Capital Outlay	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Revenues	<u>10,122,000.00</u>	<u>.00</u>	<u>10,122,000.00</u>	<u>10,122,543.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Legal Services	9,848.45	.00	9,848.45	10,000.00
Other Purchased Professional Services	1,427,799.34	.00	1,427,799.34	1,428,000.00
Construction Services	<u>8,682,818.07</u>	<u>1,534.14</u>	<u>8,684,352.21</u>	<u>8,684,543.00</u>
Total Expenditures	<u>10,120,465.86</u>	<u>1,534.14</u>	<u>10,122,000.00</u>	<u>10,122,543.00</u>
Excess of Revenue Over Expenditures	<u>\$ 1,534.14</u>	<u>(1,534.14)</u>	<u>.00</u>	<u>.00</u>

**Additional Project Information:**

Project Numbers	25-3500-060-06-1000, 25-3500-060-06-2200, 25-3500-060-06-3000
Grant Date/Letter of Notification	11/11/2005
Bond Authorization/Referendum Date	12/13/2005
Bonds Authorized	\$9,772,573.00
Bonds Issued	\$9,772,000.00
Original Project Authorized Cost	\$10,122,543.00
Additional Authorized Cost	\$ .00
Revised Authorized Cost	\$10,122,543.00
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	September 2008
Actual Completion Date	December 31, 2012

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for payroll transactions of the school district.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	<u>Trust</u>	<u>Agency</u>	<u>Total</u>
	<u>Unemployment Compensation</u>	<u>Student Activity</u>	<u>Payroll</u>
			<u>Agency Fund</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	147,921.54	5,756.23	968.44
Accounts Receivable:			6,724.67
Payroll Service Vendor	1,901.57	.00	.00
Interfunds	<u>6,464.11</u>	<u>5,461.45</u>	<u>.00</u>
			<u>5,461.45</u>
Total Assets	<u>156,287.22</u>	<u>11,217.68</u>	<u>968.44</u>
			<u>12,186.12</u>
<b>LIABILITIES:</b>			
Accounts Payable	.00	.00	.00
Payroll Deductions and			.00
Withholdings	.00	.00	968.44
Due to Student Groups	<u>.00</u>	<u>11,217.68</u>	<u>.00</u>
			<u>11,217.68</u>
Total Liabilities	<u>.00</u>	<u>11,217.68</u>	<u>968.44</u>
			<u>12,186.12</u>
<b>NET POSITION:</b>			
Held in Trust for Unemployment			
Claims and Other Purposes	<u>156,287.22</u>		
Total Net Position	<u>\$156,287.22</u>		



**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Receipts and Disbursements**  
**Student Activity Agency Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Woodrow Wilson School	<u>6,168.93</u>	<u>30,087.54</u>	<u>30,500.24</u>	<u>5,756.23</u>
Total	<u>\$6,168.93</u>	<u>30,087.54</u>	<u>30,500.24</u>	<u>5,756.23</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Receipts and Disbursements**  
**Payroll Agency Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Payroll Deductions and Withholdings	<u>1,615.29</u>	<u>1,345,823.89</u>	<u>1,346,470.74</u>	<u>968.44</u>
Total	<u>\$1,615.29</u>	<u>1,345,823.89</u>	<u>1,346,470.74</u>	<u>968.44</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding.



NEPTUNE CITY SCHOOL DISTRICTLong-Term DebtSchedule of Bonds PayableYear Ended June 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2012	Issued	Retired	Balance June 30, 2013
School District Bonds	June 1, 2006	\$9,772,000.00	07/15/2013	410,000.00	4.125%	\$7,985,000.00	.00	390,000.00	7,595,000.00
			07/15/2014	425,000.00	4.125%				
			07/15/2015	445,000.00	4.125%				
			07/15/2016	460,000.00	4.125%				
			07/15/2017	480,000.00	4.125%				
			07/15/2018	500,000.00	4.125%				
			07/15/2019	525,000.00	4.125%				
			07/15/2020	545,000.00	4.125%				
			07/15/2021	570,000.00	4.125%				
			07/15/2022	595,000.00	4.125%				
			07/15/2023	620,000.00	4.125%				
			07/15/2024	645,000.00	4.125%				
			07/15/2025	675,000.00	4.150%				
			07/15/2026	700,000.00	4.200%				

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	534,105.00	.00	534,105.00	534,105.00	.00
State Sources:					
Debt Service Aid Type II	177,731.00	.00	177,731.00	177,731.00	.00
Debt Service Aid Type I	.00	.00	.00	.00	.00
Total State Sources	177,731.00	.00	177,731.00	177,731.00	.00
Total Revenues	711,836.00	.00	711,836.00	711,836.00	.00
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	322,031.00	.00	322,031.00	322,030.84	.16
Redemption of Principal	390,000.00	.00	390,000.00	390,000.00	.00
Total Regular Debt Service	712,031.00	.00	712,031.00	712,030.84	.16
Total Expenditures	712,031.00	.00	712,031.00	712,030.84	.16
Excess (Deficiency) of Revenues Under Expenditures	(195.00)	.00	(195.00)	(194.84)	.16
<b>Other Financing Sources (Uses):</b>					
Transfers In:					
Interest Earned in Capital Projects Fund	.00	.00	.00	.00	.00
Total Other Financing Sources	.00	.00	.00	.00	.00
Excess (Deficiency) of Revenues and Other Financing Sources Under Expenditures	(195.00)	.00	(195.00)	(194.84)	.16
Fund Balance - July 1	194.84	.00	194.84	194.84	.00
Fund Balance - June 30	<u>\$ (16)</u>	<u>.00</u>	<u>(16)</u>	<u>.00</u>	<u>.16</u>

**STATISTICAL SECTION (Unaudited)**



Neptune City Board of Education  
Net Position by Component  
Last Nine Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities									
Invested in capital assets, net of related debt	\$ 110,437	\$ 141,363	\$ 137,998	\$ 133,631	\$ 129,765	\$ 1,471,503	\$ 1,876,435	\$ 2,234,516	\$ 2,522,664
Restricted	1,494,196	1,991,089	2,341,270	2,300,669	1,766,766	1,404,602	1,610,577	1,379,441	860,533
Unrestricted	493,712	700,623	630,588	1,042,258	1,446,682	127,228	126,100	168,152	412,500
Total governmental activities net position	\$ 2,098,345	\$ 2,833,075	\$ 3,109,856	\$ 3,476,558	\$ 3,343,213	\$ 3,003,333	\$ 3,613,112	\$ 3,782,109	\$ 3,795,697
Business-type activities									
Invested in capital assets, net of related debt	\$ 4,744	\$ 3,667	\$ 2,590	\$ 1,513	\$ 792	\$ 1,591	\$ 1,310	\$ 1,030	\$ 16,934
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	14,765	15,403	19,177	21,573	30,860	47,768	69,951	94,433	83,961
Total business-type activities net position	\$ 19,509	\$ 19,070	\$ 21,767	\$ 23,086	\$ 31,652	\$ 49,359	\$ 71,261	\$ 95,463	\$ 100,895
District-wide									
Invested in capital assets, net of related debt	\$ 115,181	\$ 145,030	\$ 140,588	\$ 135,144	\$ 130,557	\$ 1,473,094	\$ 1,877,745	\$ 2,235,546	\$ 2,539,598
Restricted	1,494,196	1,991,089	2,341,270	2,300,669	1,766,766	1,404,602	1,610,577	1,379,441	860,533
Unrestricted	508,477	716,026	649,765	1,063,831	1,477,542	174,996	196,051	262,585	496,461
Total district net position	\$ 2,117,854	\$ 2,852,145	\$ 3,131,623	\$ 3,499,644	\$ 3,374,865	\$ 3,052,692	\$ 3,684,373	\$ 3,877,572	\$ 3,896,592

Source: CAFR Schedule A-1

Neptune City Board of Education  
Changes in Net Position, Last Nine Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>									
Governmental activities									
Instruction									
Regular									
Special education	\$ 2,129,981	\$ 2,300,581	\$ 2,497,925	\$ 2,393,370	\$ 2,418,256	\$ 2,670,350	\$ 2,262,074	\$ 2,437,829	\$ 2,546,270
Other special education	277,545	281,519	336,860	350,189	366,030	402,900	488,776	471,375	579,817
Vocational	-	-	-	-	-	122,621	134,976	145,485	72,210
Other instruction	138,139	131,132	148,172	149,143	188,019	46,772	42,138	43,373	44,692
Nonpublic school programs	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-
Support Services:									
Tuition	1,899,206	1,812,601	2,076,627	2,217,374	2,588,579	2,427,076	2,315,945	2,930,650	3,221,975
Student & instruction related services	458,120	508,594	663,179	637,080	657,549	656,765	709,150	722,105	712,864
General/Business administrative services	375,485	384,546	424,977	490,816	310,608	289,810	429,743	328,353	311,473
School administrative services	227,362	218,628	242,620	245,923	206,921	260,287	115,787	245,936	261,519
Plant operations and maintenance	321,325	309,479	308,618	326,933	379,282	375,886	375,289	360,739	359,534
Pupil transportation	242,152	224,286	265,183	288,782	302,395	264,153	198,846	197,187	222,790
Special Schools	-	-	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	-	45,776	21,491	25,629
Interest on long-term debt	-	33,591	402,910	389,779	375,430	360,991	346,159	330,716	314,654
Unallocated depreciation	485	575	1,565	1,566	1,566	1,566	1,566	1,566	102,120
Total governmental activities expenses	6,069,800	6,205,532	7,368,636	7,490,955	7,794,635	7,879,177	7,466,225	8,236,805	8,775,547
Business-type activities:									
Food service	113,204	120,041	118,535	118,334	129,069	133,149	128,335	135,108	143,865
Child Care	-	-	-	-	-	-	-	-	-
Total business-type activities expense	113,204	120,041	118,535	118,334	129,069	133,149	128,335	135,108	143,865
Total district expenses	\$ 6,183,004	\$ 6,325,573.00	\$ 7,487,171.00	\$ 7,609,289.00	\$ 7,923,704.00	\$ 8,012,326.00	\$ 7,594,560.00	\$ 8,371,913.00	\$ 8,919,412.00
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
Instruction (tuition)	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	319,411	312,745	652,179	733,357
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	-	-	-	-	-	319,411	312,745	652,179	733,357

Neptune City Board of Education  
Changes in Net Position, Last Nine Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

Exhibit J-2  
(Continued)

	Fiscal Year Ending June 30,					2011	2012	2013
	2005	2006	2007	2008	2009	2010		
<b>Business-type activities:</b>								
Charges for services								
Food service	66,448	64,860	69,804	62,202	70,381	75,807	79,019	68,627
Child care	-	-	-	-	-	-	-	-
Operating grants and contributions	46,252	51,565	48,208	53,909	63,677	74,969	71,054	90,431
Capital grants and contributions	-	-	-	-	-	-	-	-
Total business type activities program revenues	112,700	116,425	118,012	116,111	134,058	150,776	150,073	159,058
Total district program revenues	\$ 112,700	\$ 116,425	\$ 118,012	\$ 116,111	\$ 134,058	\$ 150,776	\$ 150,073	\$ 159,058
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (6,069,800)	\$ (6,205,532)	\$ (7,368,636)	\$ (7,490,955)	\$ (7,794,635)	\$ (7,559,766)	\$ (7,153,480)	\$ (7,584,626)
Business-type activities	(504)	(3,616)	(523)	(2,223)	4,989	17,627	21,738	23,950
Total district-wide net expense	\$ (6,070,304)	\$ (6,209,148)	\$ (7,369,159)	\$ (7,493,178)	\$ (7,789,646)	\$ (7,542,139)	\$ (7,131,742)	\$ (7,560,676)
<b>General Revenues and Other Changes in Net Position</b>								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 4,119,365	\$ 4,435,381	\$ 4,406,498	\$ 4,492,518	\$ 4,646,313	\$ 4,646,327	\$ 4,917,380	\$ 5,033,670
Taxes levied for debt service	-	-	250,000	297,242	10,965	334,300	528,109	534,324
Unrestricted grants and contributions	2,228,868	2,212,439	2,416,942	2,757,424	2,871,885	2,197,984	2,306,551	2,186,821
Payments in lieu of taxes	-	-	-	-	-	-	-	-
Investment earnings	35,848	92,442	564,667	303,355	80,967	17,749	6,295	6,382
Miscellaneous income	215,733	203,000	10,310	10,478	54,652	23,527	4,924	7,468
Transfers	-	(3,000)	(3,000)	(3,360)	(3,491)	-	-	-
Total governmental activities	6,599,814	6,940,262	7,645,417	7,857,657	7,661,291	7,219,887	7,763,259	7,768,665
<b>Business-type activities:</b>								
Investment earnings	197	176	220	181	86	79	166	252
Transfers	-	3,000	3,000	3,360	3,491	-	-	-
Total business-type activities	197	3,176	3,220	3,541	3,577	79	166	252
Total district-wide	\$ 6,600,011	\$ 6,943,438	\$ 7,648,637	\$ 7,861,198	\$ 7,664,868	\$ 7,219,966	\$ 7,763,425	\$ 7,768,917
<b>Change in Net Position</b>								
Governmental activities	\$ 530,014	\$ 734,730	\$ 276,781	\$ 366,702	\$ (133,344)	\$ (339,879)	\$ 609,779	\$ 184,039
Business-type activities	(307)	(440)	2,697	1,318	8,566	17,706	21,904	24,202
Total district	\$ 529,707	\$ 734,290	\$ 279,478	\$ 368,020	\$ (124,778)	\$ (322,173)	\$ 631,683	\$ 208,241

Source: CAFR Schedule A-2



Neptune City Board of Education  
Fund Balances, Governmental Funds  
Last Nine Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund									
Reserved	\$ 1,798,834	\$ 2,321,082	\$ 2,153,344	\$ 1,933,373	\$ 1,851,123	\$ 1,403,619	\$ 1,606,218	\$ 1,377,712	\$ 860,533
Unreserved	285,654	140,232	244,071	359,660	399,801	336,146	362,788	388,047	635,458
Total general fund	<u>\$ 2,084,488</u>	<u>\$ 2,461,314</u>	<u>\$ 2,397,415</u>	<u>\$ 2,293,033</u>	<u>\$ 2,250,924</u>	<u>\$ 1,739,765</u>	<u>\$ 1,969,006</u>	<u>\$ 1,765,759</u>	<u>\$ 1,495,991</u>
All Other Governmental Funds									
Reserved	\$ -	\$ 547,713	\$ 6,439,890	\$ 962,103	\$ 15,500	\$ -	\$ 4,359	\$ -	\$ -
Unreserved, reported in:									
Special revenue fund	(1,692)	(1,692)	(1,692)	(1,692)	-	-	-	-	-
Capital projects fund	-	9,287,047	1,104,605	767,260	122,793	56,896	-	1,534	1,534
Debt service fund	-	37,498	541,112	638,692	178,476	7,456	-	195	195
Permanent fund	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ (1,692)</u>	<u>\$ 9,870,566</u>	<u>\$ 8,083,915</u>	<u>\$ 2,366,363</u>	<u>\$ 316,769</u>	<u>\$ 64,352</u>	<u>\$ 4,359</u>	<u>\$ 1,729</u>	<u>\$ 1,729</u>

Source: CAFR Schedule B-1

Neptune City Board of Education  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Tax levy	\$ 4,224,591	\$ 4,119,365	\$ 4,435,381	\$ 4,656,498	\$ 4,789,760	\$ 4,657,278	\$ 4,980,627	\$ 5,445,489	\$ 5,567,994	\$ 5,732,046
Tuition charges	-	-	-	-	-	-	-	-	-	-
Interest earnings	28,298	35,848	92,442	564,668	303,355	80,967	17,749	6,295	6,382	4,658
Miscellaneous	1,835	215,733	203,000	10,310	10,478	54,652	23,527	4,924	7,468	36,867
State sources	1,804,633	1,953,334	1,942,011	2,152,908	2,533,250	2,575,950	1,793,802	2,319,944	2,477,291	2,723,294
Federal sources	261,793	275,534	270,428	264,033	224,173	295,934	723,593	299,352	361,709	292,271
Total revenue	6,321,150	6,599,814	6,943,262	7,648,417	7,661,016	7,664,781	7,539,297	8,076,004	8,420,844	8,789,136
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,552,474	1,560,935	1,662,758	1,659,772	1,663,033	1,675,306	1,950,317	1,669,272	1,641,101	1,692,057
Special education instruction	161,665	168,701	166,962	211,460	231,891	250,899	274,413	268,657	279,859	376,483
Other special instruction	-	-	-	-	-	-	-	-	-	-
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	151,539	138,139	131,132	148,172	149,143	188,019	169,392	177,114	188,858	116,902
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	2,120,929	1,899,206	1,812,601	2,076,627	2,217,374	2,588,579	2,427,076	2,315,945	2,930,651	3,221,975
Student & instruction related services	357,521	386,274	430,178	547,480	524,077	557,137	536,465	572,197	605,515	582,097
General administrative services	278,712	296,296	301,975	313,110	368,906	204,906	194,561	199,013	214,501	192,174
School Administrative services	160,814	169,227	156,795	172,166	179,951	209,769	231,469	227,083	235,247	234,431
Business administrative services	-	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	285,728	281,678	275,091	265,814	293,593	331,325	333,559	332,475	312,171	307,145
Pupil transportation	252,579	242,152	224,286	285,182	288,782	302,395	264,153	198,846	197,186	222,790
Unallocated employee benefits	798,789	909,396	976,162	1,294,673	1,199,179	1,121,539	1,122,459	1,134,116	1,285,262	1,374,269
Special Schools	-	-	-	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	40,087	20,575	303,620	2,290,266	5,815,132	1,591,070	81,397	45,776	21,491	25,629
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	6,160,837	6,072,579	6,463,177	9,495,968	13,679,590	9,752,994	8,302,874	7,906,754	8,626,721	9,060,633
Excess (Deficiency) of revenues over (under) expenditures	160,313	527,235	480,085	(1,847,551)	(5,818,574)	(2,088,213)	(763,577)	169,250	(205,877)	(271,497)
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	9,772,000	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	387,498	504,860	257,580	45,897	1,559	195	-	-
Transfers out	-	-	(390,498)	(504,860)	(260,940)	(49,387)	(1,559)	(195)	-	-
Total other financing sources (uses)	-	-	9,769,000	(3,000)	(3,360)	(3,490)	-	-	-	-
Net change in fund balances	\$ 160,313	\$ 527,235	\$ 10,249,085	\$ (1,850,551)	\$ (5,821,934)	\$ (2,091,703)	\$ (763,577)	\$ 169,250	\$ (205,877)	\$ (271,497)
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.4%	3.5%	9.5%	9.9%	9.8%	9.8%	9.8%	9.8%

Source: CAFR Schedule B-2

Exhibit J-5

Neptune City Board of Education  
General Fund - Other Local Revenue by Source  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2004	28,298	-	-	1,835	30,133
2005	35,848	-	-	215,733	251,581
2006	54,944	-	-	203,000	257,944
2007	59,808	-	-	10,310	70,118
2008	45,775	-	-	10,478	56,253
2009	80,967	-	-	54,652	135,619
2010	17,749	-	-	23,527	41,276
2011	6,239	-	-	4,924	11,163
2012	6,382	-	-	7,468	13,850
2013	4,658	-	-	36,867	41,525

Source: District Records



Neptune City Board of Education  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004	4,581,200	305,535,700	0	0	82,538,600	11,376,500	29,758,700	433,790,700	11,771,300	522,010	434,312,710	0.949	366,400,874
2005	7,003,600	304,049,600	0	0	82,584,100	11,376,500	29,758,700	434,772,500	19,025,400	457,023	435,229,523	1.019	448,238,489
2006	5,025,700	309,954,800	0	0	75,574,200	10,480,800	29,192,800	430,228,300	19,025,400	386,466	411,589,366	1.082	489,124,816
2007	4,374,800	311,953,800	0	0	75,532,100	10,480,800	29,192,800	431,534,300	20,362,900	347,553	431,881,853	1.109	558,255,576
2008	4,003,400	312,758,500	0	0	77,940,700	10,480,800	29,192,800	434,376,200	20,217,700	353,158	434,729,358	1.072	589,849,108
2009	4,003,400	311,930,900	0	0	75,474,900	10,480,800	29,192,800	431,082,800	20,217,700	385,808	431,468,608	1.154	582,527,332
2010	3,920,700	313,448,500	0	0	75,933,900	10,480,800	29,192,800	432,976,700	19,968,800	436,119	433,412,819	1.257	565,479,990
2011	3,949,100	313,842,900	0	0	75,217,600	10,480,800	29,192,800	432,683,200	19,959,300	455,919	433,139,119	1.286	542,707,042
2012	3,580,700	315,236,700	0	0	75,789,600	10,480,800	29,192,800	434,280,600	20,117,200	483,536	434,764,136	1.318	534,163,258
2013	3,483,100	314,357,500	0	0	77,218,200	10,480,800	29,192,800	437,732,400	19,221,500	0	434,732,400	1.355	500,721,595

Source: District records Tax list summary &amp; Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Neptune City Board of Education  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

(rate per \$100 of assessed value)  
Unaudited

Fiscal Year Ended June 30,	Neptune City Board of Education		Overlapping Rates			Total Direct and Overlapping Tax Rate	
	General Obligation		Borough of Neptune City	Library/Other	Monmouth County		
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>					Total Direct
2004	0.950	0.000	0.950	0.669	0.015	0.635	2.269
2005	1.019	0.000	1.019	0.701	0.017	0.626	2.363
2006	1.024	0.058	1.082	0.745	0.017	0.325	2.169
2007	1.040	0.069	1.109	0.797	0.018	0.336	2.260
2008	1.068	0.003	1.071	0.878	0.019	0.333	2.301
2009	1.077	0.077	1.154	0.913	0.018	0.335	2.421
2010	1.135	0.122	1.257	0.955	0.018	0.341	2.571
2011	1.163	0.123	1.286	1.020	0.018	0.352	2.664
2012	1.195	0.123	1.318	1.054	0.019	0.345	2.736
2013	1.212	0.123	1.355	1.084	0.020	0.357	2.816

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

<sup>a</sup> The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

Neptune City Board of Education  
Principal Property Tax Payers,  
Current Year and Ten Years Ago  
Unaudited

Taxpayer	2013				2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Brighton Arms Apartments, LLC	\$ 19,272,000	1	4.44%		\$ -		0.00%
Neptune Realty Associates	11,701,600	2	2.69%		4,810,800	3	2.11%
Neptune City Complex, LLC	7,274,500	3	1.67%		-		0.00%
JSMD Inc.	5,388,600	4	1.23%		2,634,900	5	1.15%
Neptune City Stores, LLC	4,686,600	5	1.08%		-		0.00%
Hampshire Assoc.	4,080,000	6	0.94%		2,569,500	6	1.13%
Jersey shore Convalescent Center	3,884,500	7	0.89%		-		0.00%
Sylvania 33 Associates, LP	3,242,700	8	0.75%		2,960,100	4	1.30%
Jumping Brook Enterprises, Inc.	2,998,500	9	0.69%		1,676,600	8	0.73%
Rosko-Phil Oxford, LLC	2,971,700	10	0.68%		1,752,700	7	0.77%
Robert Kaye	-		0.00%		12,733,000	1	5.58%
Axelrod - HRA Realty	-		0.00%		7,985,600	2	3.50%
Shengs	-		0.00%		1,577,000	9	0.69%
Leo Associates	-		0.00%		1,129,600	10	0.49%
Total	\$ 65,500,700		15.06%		\$ 39,829,800		17.45%

Source: District CAFR & Municipal Tax Assessor



Neptune City Board of Education  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	4,224,591	4,224,591	100.00%	-
2005	4,119,365	4,119,365	100.00%	-
2006	4,224,591	4,224,591	100.00%	-
2007	4,656,498	4,656,498	100.00%	-
2008	4,789,760	4,789,760	100.00%	-
2009	4,657,278	4,657,278	100.00%	-
2010	4,980,627	4,980,627	100.00%	-
2011	5,445,489	5,445,489	100.00%	-
2012	5,567,994	5,567,994	100.00%	-
2013	5,732,046	5,732,046	100.00%	-

**Source:** District records including the Certificate and Report of School Taxes (A4F form)

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

Neptune City Board of Education  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2004	-	-	-	-	-	-	47,374
2005	-	-	-	-	-	-	49,169
2006	9,772,000	-	-	-	-	9,772,000	53,716
2007	9,772,000	-	-	-	-	9,772,000	57,690
2008	9,420,000	-	-	-	-	9,420,000	59,334
2009	9,070,000	-	-	-	-	9,070,000	55,764
2010	8,720,000	-	-	-	-	8,720,000	56,955
2011	8,360,000	-	-	-	-	8,360,000	58,355
2012	7,985,000	-	-	-	-	7,985,000	N/A
2013	7,595,000	-	-	-	-	7,985,000	N/A

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Neptune City Board of Education  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	-	-	-	0.00%	47,374
2005	-	-	-	0.00%	49,169
2006	9,772,000	-	9,772,000	2.00%	53,716
2007	9,772,000	-	9,772,000	2.26%	57,690
2008	9,420,000	-	9,420,000	2.17%	59,334
2009	9,070,000	-	9,070,000	2.10%	55,764
2010	8,720,000	-	8,720,000	2.01%	56,955
2011	8,360,000	-	8,360,000	1.93%	58,355
2012	7,985,000	-	7,985,000	1.84%	N/A
2013	7,595,000	-	7,595,000	1.75%	N/A

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements. ▼

<sup>a</sup> See Exhibit NJ J-6 for property tax data.

<sup>b</sup> Population data can be found in Exhibit NJ J-14



Neptune City Board of Education  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2013  
Unaudited

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Borough of Neptune City	2,987,919	100.000%	2,987,919
<b>Other debt</b> Monmouth County		0.447%	2,085,426
Subtotal, overlapping debt			5,073,345
Neptune City School District Direct Debt			7,595,000
<b>Total direct and overlapping debt</b>			<u>\$ 12,668,345</u>

**Sources:** Neptune City Finance Officer, Monmouth County Finance Office

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Neptune City. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Neptune City Board of Education  
Legal Debt Margin Information  
Last Ten Fiscal Years  
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	
2013	497,059,174
2012	528,435,760
2011	539,064,617
[A]	\$ 1,564,559,551

Average equalized valuation of taxable property	
[A/3]	\$ 521,519,850
Debt limit (3 % of average equalization value)	
[B]	15,645,596 <sup>a</sup>
[C]	7,595,000
[B-C]	\$ 8,050,596

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 9,261,966	\$10,995,903	\$12,945,214	\$ 14,866,786	\$ 16,246,093	\$ 17,166,574	16,801,814	16,801,814	16,261,873	15,645,596
Total net debt applicable to limit	-	-	9,772,000	9,772,000	9,420,000	9,070,000	8,360,000	8,360,000	7,985,000	7,595,000
Legal debt margin	\$ 9,261,966	\$10,995,903	\$ 3,173,214	\$ 5,094,786	\$ 6,826,093	\$ 8,096,574	\$ 8,441,814	\$ 8,441,814	\$ 8,276,873	\$ 8,050,596
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	75.49%	65.73%	57.98%	52.84%	49.76%	49.76%	49.10%	48.54%

Source: Abstract of Rates and District Records CAFR Schedule J-7

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Neptune City Board of Education  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2004	5,260	-	47,374	3.2%
2005	5,233	-	49,169	4.1%
2006	5,191	-	53,716	4.2%
2007	5,144	-	57,690	3.8%
2008	5,111	-	59,334	N/A
2009	5,100	-	55,764	8.1%
2010	4,873	-	56,955	8.2%
2011	4,873	-	58,355	8.3%
2012	4,840	-	N/A	8.7%
2013	N/A	-	N/A	N/A

**Source:**<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development<sup>b</sup> Personal income - not available<sup>c</sup> Per Capita- US Department of Commerce<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development



Neptune City Board of Education  
Principal Employers  
Current Year and Nine Years Ago  
Unaudited

	2013				2003			
	Employees	Rank (Optional)	Percentage of Total Employment		Employees	Rank (Optional)	Percentage of Total Employment	
TFH Publication	250	1	N/A		N/A	N/A	N/A	
Laidlaw Transit	188	2	N/A		N/A	N/A	N/A	
Norkus Foodtown	164	3	N/A		N/A	N/A	N/A	
Medicenter	125	4	N/A		N/A	N/A	N/A	
Jersey Shore Univ. Medical Center	105	5	N/A		N/A	N/A	N/A	
Borough of Neptune City	90	6	N/A		N/A	N/A	N/A	
Neptune City Board of Education	52	7	N/A		N/A	N/A	N/A	
Kelly's Tavern	65	8	N/A		N/A	N/A	N/A	
Pete N Elda's Pizzeria	63	9	N/A		N/A	N/A	N/A	
Wonder Bread Interstate Brands	40	10	N/A		N/A	N/A	N/A	
	1,142		0.00%		-	-	0.00%	

**Source:**  
Neptune City Municipal Clerk

Neptune City Board of Education  
Full-time Equivalent District Employees by Function/Program  
Last Ten Fiscal Years

Unaudited

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction	27.0	28.0	28.0	28.0	28.0	28.0	27.0	26.0	25.0	25.0
Regular	4.0	4.4	4.4	5.4	5.9	5.9	5.9	5.9	7.0	7.5
Special education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other special education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonpublic school programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/continuing education programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	7.3	8.3	8.3	8.3	8.3	8.3	8.8	9.8	10.0	11.0
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
Business administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Plant operations and maintenance	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	47.8	50.2	50.2	51.2	51.7	51.7	51.2	50.7	51.0	52.5

Source: District Personnel Records

Neptune City Board of Education  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2004	440	6,124,818	13,920	9.55%	32	1:23	1:28	440	417	-0.23%	96.01%
2005	417	6,047,228	14,502	4.18%	33	1:23	1:25	418	394	-5.00%	95.86%
2006	404	5,869,885	14,529	0.19%	33	1:21	1:22	406	384	-2.87%	94.58%
2007	392	6,954,456	17,741	22.10%	35	1:20	1:20	389	364	-4.19%	93.57%
2008	387	7,115,929	18,387	3.64%	36	1:20	1:20	393	367	1.03%	93.50%
2009	395	7,429,874	18,810	2.30%	36	1:20	1:20	391	364	-0.51%	93.15%
2010	398	7,503,865	18,854	0.23%	36	1:20	1:20	398	377	1.79%	94.57%
2011	389	7,140,494	18,356	-2.64%	35	1:20	1:21	389	367	-2.26%	94.34%
2012	395	7,911,843	20,030	9.12%	35	1:20	1:21	395	376	1.54%	95.19%
2013	406	8,345,952	20,557	2.60%	35	1:20	1:21	406	384	2.78%	94.55%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay; Schedule B-2

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>c</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).



Neptune City Board of Education  
School Building Information  
Last Ten Fiscal Years  
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>District Building</b>										
<b>Elementary (k-8)</b>										
Woodrow Wilson (1927)										
Square Feet	42,124	42,124	42,124	42,124	49,061	49,061	49,061	49,061	49,061	49,061
Capacity (students)	340	340	340	340	375	375	375	375	375	375
Enrollment	440	417	404	392	387	395	396	396	396	396

Number of Schools at June 30, 2013  
Elementary = 1

**Source:** District records, ASSA

**Note:** Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

Neptune City Board of Education  
General Fund  
Schedule of Required Maintenance of School Facilities  
Last Ten Fiscal years  
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX

School Facilities	Project # (s)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Woodrow Wilson	N/A	\$ 40,165	\$ 43,018	\$ 31,665	\$ 23,236	\$ 21,150	\$ 13,847	\$ 37,500	\$ 34,340	\$ 22,400	\$ 21,459
Total School Facilities	248,615	40,165	43,018	31,665	23,236	21,150	13,847	37,500	34,340	22,400	21,459
Other Facilities - None	-	-	-	-	-	-	-	-	-	-	-
Grand Total	\$ 248,615	\$ 40,165	\$ 43,018	\$ 31,665	\$ 23,236	\$ 21,150	\$ 13,847	\$ 37,500	\$ 34,340	\$ 22,400	\$ 21,459

**Neptune City Board of Education**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
Unaudited

Exhibit J-20

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG	Property Blanket Building & Contents- Replacement Cost Values	\$ 9,706,967	\$ 5,000
NJSBAIG	Flood/Earthquake	10,000,000 50,000,000 agg.	500,000
NJSBAIG	Pollution Liability	1,000,000 occ/ 2,000,000 agg.	5,000
NJSBAIG	General Liability		
	-Each Occurrence	6,000,000	-
	-General Aggregate	6,000,000	-
	-Personal Injury	1,000,000	-
	-Fire Damage	100,000	-
	-Medical Expense Limit (Excluding students)	10,000	100
	-Employee Benefit Liability	1,000,000	1,000
	-Aggregate	1,000,000	-
NJSBAIG	Automotive Coverage		
	-Combined Single Limit	6,000,000	-
	-Hired/Non-Owned	1,000,000	-
	-Uninsured & Underinsured	1,000,000	-
NJSBAIG	Inland Marine		
	-Electronic Data Processing Equipment	100,000	1,000
NJSBAIG	Crime Coverage		
	-Employee Dishonesty with Faithful Performance	25,000	500
	-Theft, Disappearance & Destruction Inside and Out	25,000	500
NJSBAIG	Boiler & Machinery Coverage	100,000,000	1,000
NJSBAIG	Catastrophe Liability Coverage		
	-Occurrence Limit	25,000,000	
	-Aggregate Limit	25,000,000	
	-Retained Limit	-	

Source: District Records



Neptune City Board of Education  
**INSURANCE SCHEDULE (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
 Unaudited

Exhibit J-20

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG	Board of Education -Liability Wrongful Acts Coverage		
	Each Loss	\$ 6,000,000	\$ 5,000
	Aggregate	6,000,000	5,000
Bollinger	Student Accident - Voluntary Program		
NJSBAIG	Fidelity Bonds		
	-Treasurer of School Monies	200,000	
	-School Business Administrator/ Board Secretary	5,000	
NJSBAIG	Worker's Compensation		
	-Covered Payrolls-Professional	2,600,000	N/A
	-Covered Payrolls-Non-Professional	150,000	N/A

## **SINGLE AUDIT SECTION**

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA  
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222  
Fax: (732) 922-4533

**Member**

American Institute of Certified Public Accountants  
New Jersey Society of Certified Public Accountants  
PCPS of the AICPA Division of CPA Firms

Exhibit K-1

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Neptune City Board of Education  
County of Monmouth, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Neptune City School District, in the County of Monmouth (the "District") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basis financial statements, and have issued our report thereon dated November 29, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designated to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Allen B. Shechter

Licensed Public School Accountant No. 2183

Certified Public Accountant

November 29, 2013  
Neptune, New Jersey

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA  
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222  
Fax: (732) 922-4533

**Member**

American Institute of Certified Public Accountants  
New Jersey Society of Certified Public Accountants  
PCPS of the AICPA Division of CPA Firms

Exhibit K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM:**  
**REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY**  
**OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Neptune City Board of Education  
County of Monmouth, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Neptune City School District's (the "District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* and New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2013. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedure as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.



## Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.



Allen B. Shechter  
Licensed Public School Accountant No. 2183  
Certified Public Accountant

November 29, 2013  
Neptune, New Jersey



**NEPTUNE CITY SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2013

SCHEDULE A  
Exhibit K-3

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ (Walkover) Amount	Balance at June 30, 2012			Balance at June 30, 2013		
				From	To		Accounts Receivable	Unearned Revenue	Due to Grantor	Accounts Receivable	Unearned Revenue	Due to Grantor
<b>U.S. Department of Education</b>												
<b>Passed-through State Department of Education</b>												
<b>General Fund:</b>												
Education Jobs Fund Program	84.410A	N/A	70,635.00	8/10/10	9/30/12					70,635.00		
<b>Total General Aid</b>										70,635.00		
<b>Special Revenue Fund:</b>												
<b>Special Education Cluster:</b>												
IDEA, Part B, Basic Regular	84.027	FT 350013	163,944.00	9/1/12	8/31/13							
IDEA, Part B, Preschool	84.027	FT 350013	6,269.00	9/1/12	8/31/13							
<b>Total Special Education Cluster</b>												
No Child Left Behind Consolidated Grant												
Title I, Part A	84.010	NCLB 350013	95,870.00	9/1/12	8/31/13	2,875.00						
Title I, Part A	84.010	NCLB 350012	85,306.00	9/1/11	8/31/12	(2,875.00)		2,875.00				
Title II, Part A, Teacher & Principal Training	84.281A	NCLB 350013	26,188.00	9/1/12	8/31/13							
<b>Total Special Revenue Fund</b>						(2,875.00)		2,875.00				
<b>U.S. Department of Agriculture</b>												
<b>Passed-through State Department of Education</b>												
<b>Enterprise Fund:</b>												
<b>Child Nutrition Cluster</b>												
Food Distribution Program (Non-Cash)	10.550	N/A	12,670.18	7/1/12	6/30/13					12,670.18		
Food Distribution Program (Non-Cash)	10.550	N/A	10,937.49	7/1/11	6/30/12			381.68				430.96
School Breakfast Program	10.553	N/A	7,717.69	7/1/12	6/30/13					7,207.93		
School Breakfast Program	10.553	N/A	8,172.96	7/1/11	6/30/12		(337.05)			337.05		
National School Lunch Program	10.555	N/A	74,457.42	7/1/12	6/30/13					70,092.28		
National School Lunch Program	10.555	N/A	69,404.24	7/1/11	6/30/12		(2,742.17)			2,742.17		
<b>Total Enterprise Fund</b>							(3,079.22)	381.68		93,049.61		
<b>Total Federal Financial Awards</b>							(\$76,589.22)	\$3,256.68		\$380,315.61		
												\$430.96
												(\$80,514.90)

Note: Federal Single Audit is not required

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year ended June 30, 2013**

**SCHEDULE B**  
**Exhibit K-4**

State Grantor/Program Title	Balance at June 30, 2012						Balance at June 30, 2013				MEMO					
	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Unearned Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances		(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education																
General Fund:																
Equalization Aid	13-495-034-5120-078	1,576,474.00	7/1/12	6/30/13				1,576,474.00	(1,576,474.00)					*	151,694.00	1,576,474.00
Special Education Categorical Aid	13-495-034-5120-089	339,557.00	7/1/12	6/30/13				339,557.00	(339,557.00)					*	32,665.00	339,557.00
Transportation Aid	13-495-034-5120-014	25,153.00	7/1/12	6/30/13				25,153.00	(25,153.00)					*	2,417.00	25,153.00
Security Aid	13-495-034-5120-084	21,044.00	7/1/12	6/30/13				21,044.00	(21,044.00)					*	2,039.00	21,044.00
Extraordinary Special Education Costs Aid	13-100-034-5120-473	149,481.00	7/1/12	6/30/13					(149,481.00)					*		149,481.00
Extraordinary Special Education Costs Aid	12-100-034-5120-473	121,918.00	7/1/10	6/30/11	(121,918.00)			121,918.00						*		
On Behalf TPAF Pension Contributions	13-495-034-5095-006	139,484.00	7/1/11	6/30/12				139,484.00	(139,484.00)					*		139,484.00
On Behalf TPAF Post Retirement Medical Contr.	13-495-034-5095-001	157,721.00	7/1/11	6/30/12				157,721.00	(157,721.00)					*		157,721.00
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	143,880.54	7/1/12	6/30/13				129,424.40	(143,880.54)					*		143,880.54
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	148,751.51	7/1/11	6/30/12	(6,993.02)			6,993.02						*		
Total General Fund					(128,911.02)			2,517,768.42	(2,552,794.54)		(163,937.14)			*	188,815.00	2,552,794.54
Special Revenue Fund:																
Character Education	07-495-034-5120-053	2,215.65	7/1/06	6/30/07			1,715.65			(1,715.65)				*		
Debt Service Fund:																
Debt Service Aid Type II	13-495-034-5120-017	177,731.00	7/1/12	6/30/13				177,731.00	(177,731.00)					*		177,731.00
State Department of Agriculture																
Enterprise Fund:																
National School Lunch Program (State Share)	13-100-010-3360-067	1,846.29	7/1/12	6/30/13				1,739.04	(1,846.29)		(107.25)			*		1,846.29
National School Lunch Program (State Share)	12-100-010-3360-067	1,916.70	7/1/11	6/30/12	(77.06)			77.06						*		
Total Enterprise Fund					(77.06)			1,816.10	(1,846.29)		(107.25)			*		1,846.29
Total State Financial Assistance					(\$128,988.08)	1,715.65		2,697,315.52	(2,732,371.83)		(164,044.39)		1,715.65	*	188,815.00	2,732,371.83
Less:																
On Behalf Assistance Not Included in State Single Audit																
On Behalf TPAF Pension Contributions																
On Behalf TPAF Post Retirement Medical Contr.																
Total State Financial Assistance Subject to State Single Audit																
2,400,110.52 (2,435,166.83)																



**NEPTUNE CITY SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Awards and Financial Assistance**  
**June 30, 2013**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Neptune City School District. The Board of Education is defined in Note 1 to the Board basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which is presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 to the Board's basic financial statements. The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(7,232.00) for the general fund and \$.00 for the special revenue fund. See Note A for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	.00	2,545,562.54	2,545,562.54
Special Revenue Fund	292,271.00	.00	292,271.00
Debt Service Fund	.00	177,731.00	177,731.00
Food Service Fund	<u>94,796.01</u>	<u>1,846.29</u>	<u>96,642.30</u>
Total Awards & Financial Assistance	<u>\$387,067.01</u>	<u>2,725,139.83</u>	<u>3,112,206.84</u>



**NEPTUNE CITY SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Awards and Financial Assistance**  
**June 30, 2013**

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with amounts reported in the related federal and state financial reports.

**NOTE 5. OTHER**

TPAF Social Security contributions in the amount of \$143,880.54, represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$139,484.00 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$157,721.00 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

**NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2013**

**Section I - Summary of Auditor's Report**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes      X no
- 2) Were significant deficiencies identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      X none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes      X no

**State Awards**

Dollar threshold used to distinguish between type A and B programs: \$300,000.00

Auditee qualified as low-risk auditee? X yes      \_\_\_\_\_ no

Type of auditor's report issued on compliance for major programs: Unmodified

Internal Control over major programs:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes      X no
- 2) Were significant deficiencies identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      X none reported

Any audit findings disclosed that are required to be reported in  
accordance with NJOMB Circular Letter 04-04? \_\_\_\_\_ yes      X no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

\_\_\_\_\_  
13-495-034-5120-078  
13-495-034-5095-089  
13-495-034-5120-084  
13-495-034-5085-002

\_\_\_\_\_  
State Aid Public Cluster  
Equalization Aid  
Categorical Special Education Aid  
Categorical Security Aid  
Reimbursed TPAF Social Security Contributions

**Section II - Financial Statement Findings**

NONE

**Section III - State Financial Assistance Findings and Questioned Costs**

NONE

NEPTUNE CITY SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
For the Fiscal Year Ended June 30, 2013

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings since all areas of State financial assistance for the prior year were found to be in compliance.